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NEWS SUMMARY

GENERAL

Inquiry into Poulson MPs

A committee of the Commons is to be set up to carry out a full investigation into allegations that three MPs could be prosecuted in connection with the Poulson case because of constitutional privilege for Members of Parliament.

The announcement by Mr. Callaghan, Prime Minister, marks a sudden change of front on the part of the Government.

On Tuesday the Prime Minister had indicated to the Commons that he was against any further inquiry into the allegations made last Sunday in The Observer. Page 10

Healey criticised by Law Lords

Criticism for Mr. Fred Mulley, Education Secretary, from five Law Lords over his attempt to force Tameside Council to abolish its grammar schools. Page; Parliament Page 10

Beetle alert

An urgent alert was issued to farmers after Colorado beetles were discovered in Wiltshire.

Observer denial

The Observer denied that takeover talks with Mr. Rupert Murdoch's News International—owner of the News of the World and The Sun—were near agreement but added that discussions had taken place and would be resumed next week. Page; Murdoch's Australian image 8

Response

The controversial call by Mr. Harold Macmillan for a government of national unity drew icy response from major parties—it was greeted with criticism by Liberal MPs.

Leadership plea

Leadership in the face of empire demands was the way to restore international confidence in Britain, Mr. H. Hudson, chairman of Lloyd's of London, told the annual merchants' and bankers' dinner. Page 30

Israeli aid

Israel has provided substantial military assistance, including tanks, ammunition and weapons, to Christian forces in Lebanon. Back Page

Advert threat

One of Britain's biggest commercial TV advertisers, Ronco which spends about £1m. a year, told ITV companies that it will pull out unless bigger audiences are ...

Research cuts

Science Research Council—financed by the Government to support scientific research—is having to defer new commitments because of a fall in its budget as an effect of the falling sterling. Page 15

Wife and ...

Madame Chiang, widow of Chairman Mao, was the object of a poster campaign by shouting crowds in Peking. Page 6

Saul Bellow, the American writer, has won the Nobel literature prize for 1976. Page 5

... been, suffering from ..., will spend the weekend at Windsor.

Places

... is starting tourist trips to Ho Chi Minh City, formerly Saigon.

... has been told conserve its ... because the Sahara Desert ... at its doors in 15 years'.

... man cleared in Perth ... fting after the court was ... the main exhibits in the ... been eaten: four pork ... returned to a supermarket to be sold.

BUSINESS

Equities and gilts hold firm; £ steady

● EQUITIES held up fairly well in the wake of Wednesday's setback, although activity was restrained ahead of the Chancellor's Mansion House speech. FT 30-Share Index, up 2.2 at 10 a.m., closed at 295.6, up 0.3 on the day.

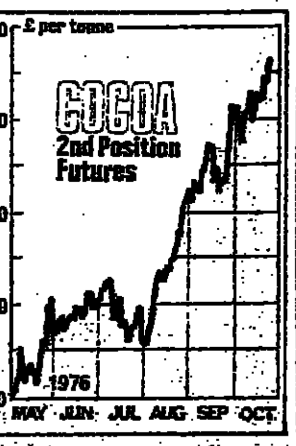
● GILTS also made a reasonably steady showing. Short-dated stocks had marginal gains, while longs generally closed unchanged.

● STERLING closed at $1.6472, up two points. Its trade-weighted depreciation narrowed to 45.4 (45.5) per cent.; dollar's narrowed to 2.44 (2.54) per cent.

● GOLD rose $1 to $116.125.

● WALL STREET was down 6.73 at 948.14.

● COCOA price continued to rise. All futures positions



closed at new peaks, with the March quotation £14.25 higher at £1,726.75 a tonne.

● EEC COMMISSION proposed automatic adjustment of Common Market "green" currencies. Back Page. Details, Page 37

● IMF TEAM is due to arrive in London in the first week of November to examine the books as part of the discussions on the $3.9bn. standby facilities sought by Britain. Back Page

Crucial decision awaited on new TV tubes

● GOVERNMENT is anxiously waiting for a decision by TV manufacturers on whether they will buy British or foreign tubes for the new generation of colour sets. Back Page. News analysis, Page 9

● NORTH SEA oil could boost the U.K. balance of payments by between £4.8bn. and £6.6bn. in 1980, according to new studies. British industry may increase its share of oil-related work to 70 per cent. in the next five years. North Sea Oil Review, Page 2. NEW OIL FIND could influence development of the Statfjord field. Page 15

● FORD CORTINA production returned to normal at Dagenham with nine doorsetters, dismissed earlier in the week, back in their jobs. Page 15. SATRA MOTORS, importer of Soviet-built Lada cars, aims to increase U.K. sales by a quarter next year. Page 7

● ORDER BOOKS have continued to shrink in the engineering and machine tol industries. Page 8

● PROPERTY field should be covered by the trade descriptions legislation, says a White Paper. Page 8. MASTER BUILDERS' Federation accused Mr. Reg Freeson, Housing Minister, of hypocrisy. Page 15

COMPANIES

● WHEELOCK MARDEN is holding discussions which could lead to a takeover by Hongkong Land. Page 28

● UBM GROUP pre-tax profit slipped to £1.11m. (£1.71m.) in the six months to August 31. Page 25 and Lex

● SELINCOURT lifted pre-tax profit by 80 per cent. to £1.09m. (£0.6m.) in the half-year to July 31. Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated.)

RISES			FALLS		
...il 'A'	165	+ 5	Union Corp.	260	+ 20
...	84	+ 7	Barratt Devs.	49	− 4
...	312	+ 4	Broken Hill Prop.	715	− 10
... Siddeley	370	+ 4	Burnett & Hallamshire	56	− 4
... Assoc.	67	+ 3	Costain (R.)	111	− 4
... Org.	305	+ 7	Desoutter Bros.	182	− 10
...	32½	+ 5½	Hongkong Land	112	− 4
...	376	+ 12	Pearl Assurance	158	− 6
...arb. 'A'	40	+ 3	Simpson (S.) 'A'	24	− 2
...ansport	378	+ 4	Smith (W. H.) 'A'	252	− 4
... Cons.	225	+ 5	Tarmac	104	− 4
...	625	+ 25	Tollemache & Cobbld.	153	− 10
			Utd. Newspapers	177	− 5
			Peko-Wallsend	490	− 15

Richardson backs publicly announced monetary targets

BY MICHAEL BLANDEN AND PETER RIDDELL

Mr. Gordon Richardson, the Governor of the Bank of England, last night for the first time gave his firm support to publicly announced monetary targets.

Speaking at the annual Lord Mayor's Banquet for Bankers in the City of London last night, Mr. Richardson added that the target in the next financial year should be lower than the 12 per cent. rise in the money supply expected in 1976-77.

The commitment to a public target for the money supply goes further than either the Bank of England or the Treasury have gone so far. In his speech at last night's dinner Mr. Denis Healey, the Chancellor of the Exchequer, referred to the "severe target" set last July and pointed out that two weeks ago "painful and unpopular measures" had been taken to validate the target.

It has been generally accepted for some time now that the 12 per cent. figure originally set out by the Chancellor as a "guideline" will have to be rigidly met in view of the forthcoming discussions with the IMF.

Mr. Healey strongly defended the Government's current strategy and maintained that "those who insist on the need for a fundamental change of direction, whether towards the extreme of a siege economy or towards the other extreme of a severe deflection have failed to think through the consequences of what they recommend."

The Chancellor admitted that "we may still have to increase the speed with which we move towards our goal. But we cannot hope to make the difficult adjustments which this may require unless we can maintain the support and understanding of those who actually produce our nation's wealth."

The Governor said that the current stance of monetary policy would have to continue for the time being. But he warned that if interest rates remained high for long this would deter investment.

"In that case, as the Chancellor has pointed out, one would have to ask whether this impact on industrial revival was acceptable or whether public sector borrowing should not be for the borrowing of industry," he added.

IMF support

Mr. Richardson stressed that the "greatest requirement is that we should put a stop to the debilitating erosion in the value of our currency, external and internal. . . . It cannot be too widely understood that what pace of expansion we can afford, will turn on how quickly inflation ce be overcome."

The Governor said that support from the IMF would not "in itself provide a solution to our problems; it is rather a measure of them. He added that, while we would be discussing conditions with the IMF, "it would be wrong to consider the policy of this country primarily in these terms. It is better to focus our minds on what we need to do anyway, in our own interests."

In his speech, Mr. Healey stressed that a "return to full employment must go hand in hand with a return to equilibrium in our balance of payments. For this reason we cannot afford to base our economic growth on an increase in domestic consumption. We must base it on exports, import substitution and investment. Until we have eliminated the deficit on our balance of payments we can afford to increase in public or private spending."

The chancellor offered no new insights into Treasury policy last night and concentrated on a review of the existing approach and a reply to the Government's critics.

Mr. Healey maintained that "the demand for a fundamental change arises in large part from a failure to recognise the inevitable time lag which must intervene between a policy decision and its effect on the economy."

He gave the example of the lag between the fall in the exchange rate and the improvement in the balance of payments and argued that "all experience suggests that the depreciation earlier this year will generate a big increase in export demand and output within a year or so—at least as soon as any scheme of import controls could have its full effect."

Editorial comment, Page 22

Report of speeches, Page 30

Foot is Labour Deputy Leader

By Richard Evans, Lobby Correspondent

MR. MICHAEL FOOT was elected Deputy Leader of the Labour Party by a comfortable margin yesterday, but his opponent Mrs. Shirley Williams, effectively staked her claim to contest the party leadership in the future.

Mr. Foot, who was runner-up to Mr. Callaghan in the leadership contest in March, defeated Mrs. Williams by 166 votes to 128, a majority of 38. The margin was sufficiently great to make Mr. Foot undisputed Number Two but was not wide enough to distress Mrs. Williams's supporters.

The result was being greeted with relief by Labour MPs from all sections of the party last night, because a victory by Mrs. Williams would have been much more damaging to unity at a time when the party is in a particularly vulnerable state because of political and economic pressures.

It was widely accepted that Mr. Foot had an excellent claim to be the Deputy leader, not only because he ran Mr. Callaghan close for the leadership, but because of his vital role as Left-wing loyalist in the Cabinet and major link with trade union leaders.

In addition, it is hard to see him succeeding Mr. Callaghan when the Premier retires—if only on grounds of age. He was not picked as alternative leader as Mrs. Williams might have been.

The contest was not a straight forward Left v. Right confrontation—if it had been Mrs. Williams might well have won, because of the larm among many centre MPs at the activities of the Left at the Blackpool party conference.

Fragile

Mr. Callaghan and others in the centre of the Party wanted Mr. Foot to win because of the need to maintain fragile party unity and in order to bind him closer than ever to the leadership.

The supporters of Mrs. Williams, including militant members of the 80-strong Manifesto Group, were well satisfied with her performance last night.

They believe she will now be in a strong position to challenge Mr. Anthony Wedgwood Benn or whoever takes over the standard of the Left in the next contest for the leadership.

She is an extremely popular member of the Government with support from the centre of the party as well as fro mthe right.

After the result was announced Mrs. Williams referred

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Government rejects SEC plan

BY MICHAEL LAFFERTY AND TERRY WILKINSON

THE GOVERNMENT has decided not to set up a Securities and Exchange Commission to police the City. Instead the existing system of self-regulation, backed by statutory control, is to be extended in a number of respects, Mr. Edmund Dell, Trade Secretary, said yesterday.

In particular, the Bank of England is to improve its surveillance of the securities industry and join the Department of Trade in a new permanent joint review body.

This body's function will be to bring to light any faults in either statutory or self-regulatory areas and thereby seek to keep the whole system up to date.

The Government's view is that the forthcoming Committee of Injury, presided over by Sir Harold Wilson to review the functioning of financial institutions, does not remove the need to make these urgent, if limited, changes in the existing procedures.

The Wilson Inquiry is essentially a long-term project and the Government believes that the new measures will not pre-empt the Committee's recommendations.

New legislation will soon be introduced to combat such abuses as insider dealing in securities with privileged information and to impose tighter restrictions on loans by com? panies to their directors.

The Government will also bring in legislation amending the Prevention of Fraud (Investments) Act in order to modernise the Department of Trade's powers.

This will include more effective and flexible powers to supervise securities dealers and possibly to provide for the licensing of investment advisers, possibly on American lines.

At present, the Department of Trade does not have power to suspend securities dealers for any lngth of time, although it can withdraw their licences.

There is increasing uneasiness about the growth of investment advisory services, some of which may amount to mere "share-pushing."

The proposed measures come at the end of a two-year review of the securities markets by the Department of Trade during which it consulted a wide range of representative bodies. Government officials also visited the U.S. and Canada.

Yesterday's announcement by the Trade Secretary, which came in a written reply to a Parliamentary question, means that the previously proposed White Paper on the subject has been dropped.

Advantage

"The review has shown that our present combination of statutory and self-regulatory control, although perhaps a good deal more effective than its critics admit, could with advantage be improved in a number of respects." Mr. Dell stated.

This reply, although guarded, indicates the extent to which the Government has come down in favour of self-regulation in the securities industry.

The Stock Exchange, which has long campaigned for self-regulation and legislation on such matters as insider dealing, yesterday warmly welcomed the overall stance taken by the Government.

At the Bankers and Merchants Dinner in the Mansion House, Mr. Nicholas Goddison, Stock Exchange chairman, last night declared that "the supervision of capital markets is not only a matter for the Stock Exchange and the Department of Trade."

Mr. Goodison has suggested to the Secretary of State that the

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FEATURES

ON OTHER PAGES

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Benn blamed for paid to worker co-operatives

BY RUPERT CORNWELL, LOBBY STAFF

MR. ANTHONY WEDGWOOD BENN has been severely reprimanded by Parliament's Public Accounts Committee for pouring public money into the launch of three workers' co-operatives when he was Industry Secretary, despite warnings from his own advisers that none of them was viable.

Although the Industrial Development Advisory Board had advised that the Meriden motor-cycle co-operative, the Kerkby Manufacturing and Engineering Company and the Scottish Daily News had poor prospects, his Department gave a total of £10m. assistance to the three in 1974 and 1975.

In a report published yesterday the all-party committee, the Commons watchdog on Government spending, suggests that the decision to back them may have harmed rather than furthered the role of worker co-operatives in the future by reducing their value as a genuine industrial experiment.

It acknowledges the official argument that the co-operatives were needed either to preserve employment in hard-hit areas or (in the case of Meriden) to save one of the last British companies in an industry with export potential.

None the less, despite the Industry Department's admission that the co-operatives were treated more favourably than an ordinary commercial enterprise, one, the Scottish Daily News, had collapsed while the other two still needed close monitoring by the Department.

At a Press conference the committee's chairman, Mr. Edward du Cann (Con., Taunton), stopped short of citicising Mr. Benn directly.

"It would be a pity if the unhappy experiences of the past were to lead to a prejudice against co-operatives. But I think it might be said," he observed carefully, "that if the decision to go ahead was too political, then it might rebound against those who took it."

Mr. du Cann, a former Minister and of considerable weight in the Tory Party as chairman of the back-bench 1922 Committee, was scathing about checks on public spending. Government expenditure, he said, was hopelessly out of control, while Parliament had no adequate mechanism for scrutinising outlays before they were committed.

His own proposals for revamping the Public Accounts Committee) into a true monitoring committee of public expenditure, which would have the power to veto spending that went over original estimates, had gone unheeded.

But the legislature had to control the executive, and the best way of doing this was through its purse strings, Mr. du Cann said. At present Parliament was doing a bit, but not all. Meanwhile, although the new cash limits might help, Ministers simply did not exercise control over their Departments' finances as would a managing director of a private company.

The six reprts, of which this is the last, of the committee issued in the 1975-76 Parliamentary session had, he suggested, uncovered a total of up to £1b. of public funds which might not have been disbursed had the projects in question been properly examined and costed. This figure represented about 12 per cent. of the public sector's borrowing requirement for the period.

The 572-page document, predictably, unearths a fair number of other "pretty horrid and careless mistakes," as Mr. du Cann termed them, by several large departments.

Apart from its handling of the co-operatives, the Department of Industry is taken to task for pouring an ill-judged £4.95m. into the troubled machine-tool manufacturer Kearny and Trecker Marwin in 1973 and 1974.

The Environment Department is castigated for committing up to £11m. to the road contracting group W. and C. French, and in particular for an "ex-gratia payment" of £3.6m. of which it simply lost track.

Other examples of allegedly squandered taxpayers' money involved a £55m. hospital computer programme sponsored by the Health Department and a £14m. wind tunnel at Farnborough costed at £4m. in 1970, and which will be ready next year, instead of the originally planned 1974.

The report attacks the Employment Department over its job promotion schemes, and especially the Training Opportunities scheme introduced in 1972, which was consuming a large part of its £60m. annual running costs in adapting people for jobs other than the shop-floor skills the country really needed.

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Editorial comment, Page 22

Incomes differentials narrow

BY MICHAEL BLANDEN

THE LOWEST-PAID people in the U.K. again increased their share of total incomes in 1973-74, while the top earners were squeezed further.

The latest report from the Royal Commission on the Distribution of Income and Wealth shows that with several special influences at work in the period, the long-term trend towards narrower differences of income and wealth continued.

In both 1973-74 and in the following year, there was a rise in overall real incomes, with earnings growth outpacing the inflation of retail prices, but the top earners again lost out.

The period covered by the main analysis of incomes in the report, for 1973-74, was a time of "substantial change," the commission says. It included a fairly high rate of inflation, with retail prices rising by 10.4 per cent. and special factors such as the raising of the school-leaving age, Stages Two and Three of the statutory pay policy, and the impact of the "three-day week."

The commission, under the chairmanship of Lord Diamond, has found it impossible to isolate the separate effects of these factors, but its general assessment is that, whatever the particular influences at work in the period, there has been little change in the long-term trend towards greater equality in Britain.

The report, published yesterday, is the fourth produced by the commission and the second on the standing general reference on incomes and wealth. It updates last year's report, and at the same time describes some more detailed analysis and the work which the commission is undertaking to take its studies further.

The study of incomes shows that between 1972-3 and 1973-4 the share in total pre-tax incomes of the bottom 20 per cent. of earners ros efrom 5.8 to 6.2 per cent.—a "comparatively large charge in one year." At the other end of the scale, the share of the top 20 per cent. fell from 42.7 to 42.4 per cent.

The effect of tax was to increase further the share of the lowest earners. After tax, the share of the bottom 20 per cent. rose from 6.8 per cent. in 1972-3 to 7.4 per cent. the next year.

Overall, average income increased between the two years by 15.1 per cent. before tax and by 13.6 per cent. after tax—both more than enough to outweigh the 10.4 per cent. rise in prices.

The distribution of wealth was considerably affected by another special factor during 1974—the sharp drop in the prices of shares, holdings of which are concentrated among the richest people.

The share of the top 1 per cent. of the adult population in total personal wealth dropped from 28 per cent. in 1973 to 25 per cent., even though the overall figure of personal wealth was slightly higher at £211.8bn.

The fall continued the long-term trend towards more equal distribution of wealth, although it was above average in size.

Report, Page 9

LOMBARD

BUPA tightens on claims

BY ERIC SHORT

THE BRITISH insurance industry takes justifiable pride in all aspects of its service, but particularly in the prompt payment of claims with a minimum of fuss. After all, that is what insurance is all about. So when the news broke this week that British United Provident Association, Britain's largest medical insurer, was reviewing the benefits being paid in certain cases, one's first reaction was naturally hostile. It looked very much as if BUPA was tightening its rules to the detriment of existing beneficiaries.

Unprecedented

The true picture seems to be somewhat less dramatic. The investigation being made is into what BUPA classify as long-stay cases where benefit has been paid for at least 52 consecutive weeks. This was triggered off by an unprecedented rise in such cases over the past two years, which the Association says would need an epidemic or a major natural disaster to explain.

What BUPA has discovered is that in many instances benefit is being paid where the claimants are not entitled to receive it. Many claim managers in insurance would say that this happens all the time. One cannot simultaneously give a speedy service and thoroughly investigate each claim. But BUPA says that in some cases benefit has been claimed when the beneficiaries or their representatives knew that they were not entitled to it. One apparent abuse has been to put the elderly into so-called nursing homes where they receive general nursing but no treatment for any specific illness or injury. Mr. Derek Damerell, chief executive of BUPA, claims that some boarding houses have acquired registered nursing home status to take advantage of this situation.

Yet BUPA's present attitude goes against the usual insurance practice of not going back on a claim once admitted unless it has been made fraudulently. The main reason for the BUPA change of policy is that this "long tail" business is very expensive. The average claim period is a couple of weeks or less. The choice facing BUPA was either to continue paying these claims by running down reserves or by putting up subscriptions even further, or to clamp down on payments. It has decided to adopt the latter course.

But is the Association morally justified in taking this action? The answer depends very much on whether the subscribers really understood what insurance they were buying and whether BUPA made it clear at the outset when benefit would be payable, and—more important—when it would not.

Medical insurance itself is declining to cover the cost of medical and surgical treatment in the event of injury or acute illness. It does not cover the long-term effects of that injury or chronic illness—that is the function of permanent health insurance, which BUPA says it does not offer.

But the dividing line between the two types of insurance is very blurred. Medical treatment can in some cases go on for very long periods and BUPA is willing to carry on the payments. Other claims start off as a medical insurance but at some time change into a claim that is really for "permanent health."

Mr. Damerell says that in the past BUPA has been very generous in deciding when a claim no longer comes under a BUPA contract and that the Association is now suffering from its past humane interpretations. But it is almost impossible for the subscribers to understand the changeover unless it is carefully explained to them at outset. And here BUPA is on rather less certain ground.

Eligibility

The rules setting out the eligibility for benefit refer only to treatment. Even now I am not 100 per cent. certain, after reading the rules, under what circumstances benefit is payable. BUPA has revised its literature to make the position much clearer and all subscribers are being sent copies with the next renewal notice. But Mr. Damerell insists that the rules have not been changed.

Contrary to some impressions, the Association is giving claimants ample warning of cessation of benefit, and there is an appeals procedure. At the present time when the demand is growing for the Government to clamp down on abusers of the social security system, one can understand BUPA's action, although Mr. Damerell insists that in the past there was no general laxness in dealing with claims. In the circumstances I feel that BUPA—and its subscribers—would have been better served by being more rigorous with new claims, rather than clamping down on present continuing claims.

NORTH SEA OIL REVIEW BY RAY DAFTER

Oil and balance of payments

DOUBTS ABOUT North Sea oil's ability to relieve Britain from its entire debt problems—a point raised by Samuel Brittan in his column yesterday—gave the latest forecasts on the offshore venture's balance of payments impact added relevance.

If any encouragement can be taken from the most recent projections, it is that the figures are reasonably uniform, at least for 1980, when the U.K. is expected to reach energy self-sufficiency.

Professor Colin Robinson and Jon Morgan of Surrey University have prepared a paper, shortly to be published by the Trade Policy Research Centre, which indicates a net trade balance benefit of between £4.8bn. and £6.6bn. in 1980. The benefit in 1985 on the current and capital accounts combined is expected to be between £9.1bn. and £18.2bn. The range is even wider in 1990, with a "best guess" lying some point between £9.1bn. and £21.2bn. (all converted from the researchers' dollar calculations at £1=$1.65).

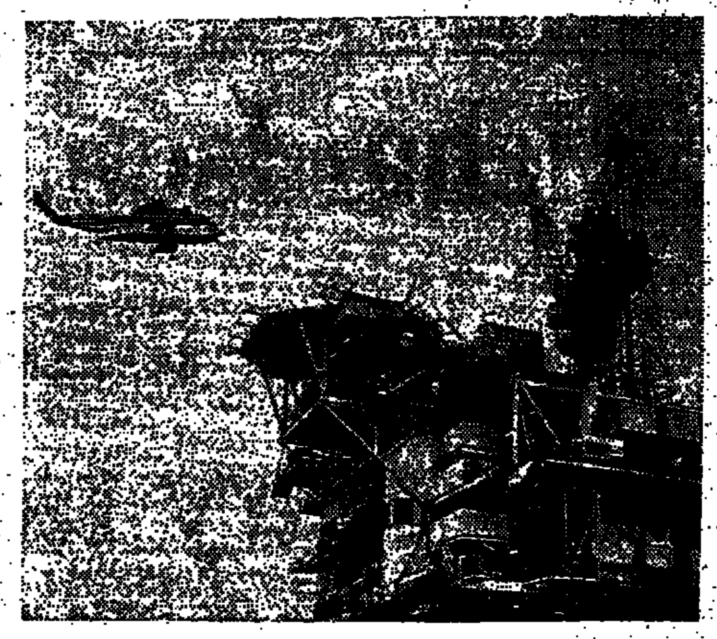
The variance in the possible net benefit of the North Sea oil venture reflects the many uncertainties that still exist. The higher forecasts, for instance, are based on a continuing dollar rise in OPEC-led oil prices and the development of some fields still to be discovered, quite apart from the known reservoirs still to be declared commercial. The more pessimistic figures take account of a possible fall in oil prices and a slowdown in North Sea exploitation.

As a yardstick, the latest published estimates of the Treasury, contained in July's Economic Progress Report, show a net benefit from the oil programme of £1.1bn. this year, rising to £5.8bn. in 1980 and £16bn. in 1985. Figures, published to-day by Wood, Mackenzie, are of the same order of magnitude: a potential benefit this year of £1.5bn. climbing to £5.5bn. in 1980.

Wood, Mackenzie has arbitrarily assumed an oil price of $13 per barrel in its calculations. Other assumptions include British industry's ability to supply a greater share of equipment and services for the North Sea effort. There is a growing insistence by the Government that oil companies should place contracts in the U.K. whenever possible. The insistence, hammered home in the conditions for the latest round of exploration licences, is embodied by the "full and fair opportunity" agreement, accepted by the oil industry. Consequently, it is possible that the overseas suppliers' share in the North Sea development programme could shrink from about 50 per cent. of the total market in 1975 to 30 per cent. in 1980.

On the other hand, a few important orders placed overseas—such as platform contracts—could seriously taint this encouraging prospect. The Government is expected to make an announcement within the next couple of months about the possible construction of a gas gathering pipeline network for the North Sea. The project could well cost over £2bn. Unfortunately for Britain, there is no domestic capacity to fabricate the large diameter pipework which is likely to be needed. As a result, much of that project is likely to be engineered abroad.

British National Oil Corporation has intimated that, along with the British Gas Corporation, it could well be a partner in the gas gathering project. This raises another point relating to deficits and state borrowing commitments. It is known that for the next few years BNOC will have to borrow substantial sums—its limit is set at £600m., although this can be raised to £900m. with Parliamentary consent. Borrowing levels in the next five years will be substantially larger than even this higher figure, however.



The Sikorsky S-61 is the oil rigs' work-horse and can carry up to 20 passengers. British Airways Helicopters is pressing for a 50-passenger version of the CH-53.

The Corporation has already assumed control of National Coal Board's offshore interests and the bulk of Burmah's North Sea commitments (including its Ninian stake and a large part of its share of Thistle). As a result of the NCB acquisition, the Corporation is now faced with about 27 per cent. of the Murchison Field's development costs. The field, operated by Continental Oil, has only just been declared commercial, so the development plans are still hazy. It is known that the group has put out tenders for a steel platform and it is thought within the industry that production will be linked with the Brent pipeline system.

Therefore, a total development cost of between £450m. and £500m. seems a reasonable bet. The fifth round of licences will also result in some hefty bills for BNOC. The Corporation will be a 51 per cent. paying partner in all the new licences (except for those in which British Gas will have a major stake). As such it will be faced with its share of both exploration and development costs.

The Corporation has a number of ways in which it can raise capital to finance these projects, options which make it unique among the State undertakings. It can borrow from the National Loans Fund or from external money markets although, here, the lenders would probably be seeking some form of Government guarantee. BNOC can also draw from the National Oil Account, the repository of royalty payments and licence rentals. Royalty alone is expected to average over £1bn. a year between 1981 and 1985.

In addition, BNOC will have the benefit of its income from oil produced from fields like Ninian, Thistle and Murchison as well as revenue from the sale of participation crude.

Lord Kearton, the Corporation's chairman, says there is no question of BNOC's funding requirements being a drain on public funds. A number of banking groups, including foreign interests, had already offered finance. (Revenue from just one reasonable production well yielding 21,000 barrels a day could find around $500m. of borrowing over five years.)

Wood, Mackenzie takes the view that on current plans BNOC is likely to be in the red until 1980, but after that receipts should outweigh expenditure. "Overall, the Corporation need not necessarily find itself needing a greater borrowing limit than that set by Parliament, given current circumstances," to-day's report states. "However, if the Corporation becomes engaged in many new development projects, then it could find its financial resources being stretched severely (not to mention its man-power resources)." The fifth round of licences could well prove to be that stretching agency.

* * *

THE OFFSHORE industry should learn next month whether or not Transworld's Buchan structure on block 21/4 is a commercial prospect. The group is still drilling its appraisal/development well, results of which could be announced in November. Transworld will want to make a full evaluation of the data before making public any findings, however. The tests are crucial to a development programme; if they are successful Transworld will probably make a definite commitment to a development programme, involving a floating production system, befo[re the] end of the year. If th[e tests are] unsuccessful, Transworl[d will] have to reassess its posit[ion].

Production from Shell['s] Brent Field should als[o start] next month, or early Dec[ember] following successful [...] trials. The field—the big[gest in] the U.K. sector, with a[n esti]mated 2bn. barrels of r[ecover]able reserves—will initi[ally be] developed via an offshor[e load]ing system. The Brent pipeline is expected to [come on] stream in the second [half of] next year.

With one eye on servic[ing and] operating the Brent and [neigh]bouring Cormorant Field[s, Shell] and Esso are considering [moving] their helicopter base fro[m Sum]burgh, in the south of th[e Shet]land Islands to Unst, 6[...] to the north. Shell has lodged an application wi[th Shet]land Islands Council f[or the] development of the Unst [...] as a "fixed wing"/hel[icopter] interchange base. The [...] which might involve a commitment of around £4[...] still to be presented to th[e] Board, however.

Shell Aviation, on be[half of] the two oil groups, ha[s been] conducting a feasibility [study] into the possible savi[ngs of] using helicopters ove[r the] shorter distance betwee[n Unst] and the Brent complex. [At pre]sent Dan Air flies me[n and] materials on behalf of [the] companies from Aberde[en to] Sumburgh where heli[copters] flown by Bristow, Britis[h Air]ways and BEAS take ov[er for] the sea leg.

British Airways Heli[copters] has also been studyin[g the] requirements of oil opera[tors in] the Brent complex. So [much] so, that its managing di[rector,] Captain Jock Cameron, ha[s been] pressing Sikorsky to pr[oduce a] civilian version of th[e U.S.] Marine Corps' CH-53. Th[is, seen] as the possible civil ver[sion] known, could cruise at b[etween] 155 and 160 knots with [...] 50 passengers. At present [North] Sea helicopter operatio[ns are] generally based on versi[ons of] the Sikorsky S-61, a 12[...] air-craft capable of ca[rrying] about 20 passengers—b[etween] shore and field. Each S-6[1 heli]copter could cost £4m.—[...] the North Sea oil in[...] "imports" that must dist[ort the] balance of payments pict[ure].

POTENTIAL BALANCE OF PAYMENTS EFFECTS OF NORTH SEA DEVELOPMENTS

(£ MILLION)

	1975	1976	1977	1978	1979	1980
Current account	(790)	(588)	896	1,849	3,071	4,409
Capital account	1,278	2,025	921	880	758	(106)
Interest earned/saved by the extra reserves	—	65	215	418	733	1,190
Total	488	1,502	2,032	3,147	4,562	5,493

Source: Wood, Mackenzie

	197[5]	1976	1977	1978	1979	1980
Total	[...]20	1,150	2,000	3,300	4,600	5,800

Source: Treasury Economic Progress Report: July, 1976

Note: The figures exc[...] Mackenzie's figu[res ...] to 1980. Figur[es ...] [...]nts impact of natural gas from the southern fields of the North Sea. Wood [...] values at the rate of $2.22 = £1 for 1975; $1.67 = £1 for the years 1976 [...]

[...] an objective, [...]e need to im- [...]ce of payments, [...]for an reflation- [...]e near future. [...]e report adopts [...] to- Ten[...] prior[...] he put first, th[...] tionary negate tu[...]al n[...]

TV/Radio

† Indicates programme in black and white.

BBC 1

9.30 a.m. For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Teddy Edward. 1.50 Ring a Ding. 2.02 For Schools, Colleges. 3.53 Regional News (except London). 3.55 Play School. 4.20 It's the Wolf. 4.25 Jackanory. 4.40 Froggie and Me. 5.00 Blue Peter Special Assignment.

5.40 News.
5.55 Nationwide.
6.45 Sportswide.
7.05 Tom and Jerry.
7.10 "Conquest Of Space."
8.30 The Good Life.
9.00 News.
9.25 The Quest.
10.15 To-night.
10.45 Regional News.
10.46 The Friday Film: "Circus Of Fear," starring Christopher Lee.

All Regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. Nant-y-Pant. 5.55-7.05 Wales To-day. 7.05 Tom and Jerry. 7.10 Heddiw. 7.35 To-morrow's Europe. 8.00-8.30 Her Nodlant. 9.25 "It's a Dog's Life." 9.50 Kane on Friday. 10.20 News for Wales. 10.21-12.02 "The Rebel," starring Tony Hancock.

Scotland—10.23-10.43 a.m. and 11.30-11.50 For Schools. 5.55-7.05 p.m. Reporting Scotland. 8.30-9.00 Current Account. 10.15 The Good Life. 10.45-10.46 News for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-7.05 Scene Around Six. 10.15 Gallery. 10.45-10.46 News for Northern Ireland.

England—5.55-7.05 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth). 10.15-10.45 North (from Leeds) The Object in Question; North-West (from Manchester) Home Ground; North-East (from Newcastle) Little Moscow; Midlands (from Birmingham) Management Course; West (from Bristol) Waugh Talk; South-West (from Plymouth) Peninsula; South (from Southampton) The Young Question; East (from Norwich) On Camera.

BBC 2

7.05 a.m. Open University.
11.00 Play School.
2.15 p.m. Racing from Newbury.
5.50 Open University.
7.05 Indoors Outdoors.
7.29 Weather.
7.30 Newsday.
7.45 One Man and His Dog.
8.10 The Money Programme.
9.00 Well Anyway.
9.30 A World of Music.
10.20 The Expert.
11.10 Late News on 2.
11.20 Open Door.
11.50 Music at Night.

LONDON

9.30 a.m. Schools Programmes. 12.00 A Handful of Songs. 12.10 p.m. Mister Trimble. 12.30 Tell Me Another. 1.00 News plus weather and FT index. 1.20 Lunch-time To-day. 1.30 Crown Court. 2.00 Money-Go-Round Good Afternoon. 2.25 Racing from Doncaster. 3.50 Emmerdale Farm. 4.15 The Kids from 47A. 4.45 Magpie. 5.15 University Challenge.

5.45 News.
6.00 To-day.
6.35 Crossroads.
7.00 Lucky Feller.
7.30 Sale of the Century.
8.00 Within These Walls.
9.00 Police Woman.
10.00 News.
10.30 The Wilson Interviews: "My Last Years in Office"—Sir Harold Wilson talks to David Frost.
11.30 Russell Harty.
12.20 a.m. Close: Michael Hollings reads his own prayers.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 6.00 About Anglia. 8.00 The Streets of San Francisco. 9.00 Beasts. 11.30 The Collaborators. 12.25 a.m. Men Who Matter.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 5.15 Spiderman. 6.00 ATV Today. 7.00 Bugs Bunny. 7.05 Jonathan Routh and Candid Camera. 8.00 The New Avengers. 9.00 Beasts. 11.30 Extra Time.

BORDER

†1.20 p.m. Border News. 6.00 Border News and Lookaround. 7.00 Follow That. 8.00 The New Avengers. 9.00 Beasts. 11.30 Last Rites. †12.35 Border News Summary.

CHANNEL

†1.20 p.m. Channel Lunchtime News and What's On Where. †6.00 Report at Six. 7.00 Treasure Hunt. 7.30 Lucky Feller. 8.00 The New Avengers. †11.30 News and Weather in French.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 6.00 Grampian Today. 7.00 Welcome to the Ceilidh. 8.00 The New Avengers. 9.00 Beasts. †11.30 Friday Film: "House of the Damned," followed by Road Report. 12.30 a.m. Evening Prayers.

GRANADA

1.20 p.m. What On Earth. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Kick Off. 7.05 Jonathan Routh and Candid Camera. 8.00 The New Avengers. 9.00 Beasts. 11.30 For Adults Only: "A Little Game."

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. †5.15 Chuckleheads. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Lucky Feller. 7.00 Yus My Dear. 7.30 Six Million Dollar Man. 8.30 Sale of the Century. 9.00 Beasts. 11.30 Theatre of Stars.

HTV Cymru/Wales—As General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.15-4.45 Taro'mlaen. 6.00-6.15 Y Dydd.

HTV West—As General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

†1.25 p.m. Road and Weather Report. 2.00 Women Only. 5.15 Animal Alphabet Parade—"J." 5.20 Crossroads. 6.00 Scotland Today. 6.30 Hello, Good Evening, Welcome. 8.00 The New Avengers. 9.00 Beasts. 11.30 Late Call. 11.35 The Champions.

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 5.15 Weekend. 5.20 Crossroads. 6.00 Day by Day (Channels 8, 11, 27, 42, 58 and 60). 6.00 Scene South East (Channels 10, 42, 64 and 66 only). 6.35 Out of Town. 7.05 Jonathan Routh and Candid Camera. 8.00 The New Avengers. 9.00 Beasts. 11.30 UFO. 12.25 a.m. Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. North East News and Lookaround. 5.15 The Flintstones. 6.00 Northern Life. 7.00 Cartoon Time. 7.05 Jonathan Routh and Candid Camera. 8.00 The New Avengers. 9.00 Beasts. 11.30 The Friday Night Film: "Shock," starring Vincent Price. 12.40 a.m. Open Bible.

ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 3.48 Ulster News Headlines. 5.15 University Challenge. 6.00 UTV Reports. 6.25 Police Six. 8.00 The New Avengers. 9.00 Beasts. 11.30 Sportscast.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary and Sports Desk. 7.00 Treasure Hunt. 7.30 Lucky Feller. 8.00 The New Avengers. 9.0 Beasts. 11.30 Westward Late News. 11.33 Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 5.15 The Flintstones. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Cartoon Time. 7.05 Jonathan Routh and Candid Camera. 8.00 The New Avengers. 9.00 Beasts. 11.30 Calendar Sport. 11.45 The Collaborators.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Paul Burnett including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 Kid Jensen. 5.45 Newsbeat. 6.02 John Dunn (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening. 2.02 David Hamilton (S) as Radio 1, but including on 1500m only (also 202m Scotland), 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The 78 Show. 7.30 Sammes' Songs (S). 8.02 Ronnie Aldrich conducts the BBC Radio Orchestra (S). 9.02 Friday Night is Music Night (S). 10.02 Sports Desk. 10.05 Sequence Time at the Radio 2 Ballroom (S). 11.02 Len Jackson with The Late Show (1500m only, also 202m Scotland. VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

‡Medium Wave only

‡6.55 a.m. Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: J. S. Bach (S). 9.45 BBC Concert Orchestra (S). 10.45 Carlos Bonell Guitar recital (S). 11.15 Fauré piano recital (S). 12.15 p.m. Midday Concert part 1: Burgon, Mozart (S). 1.00 News. 1.05 Playbill (S). 1.20 Midday Concert part 2: Tchaikovsky (S). 2.15 Weber song recital (S). 3.00 Weber song recital (S). 5.00 Weber Through Modern Ears (S). 3.20 In Short (talk by Levon Chilingirian). 3.25 Haydn and Smetana (S). 4.25 The Austrian Mass (S). 5.25 Harp Sounds (S). 5.45 Homeward Bound. 6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Lifelines: Leisure and Recreation. 7.30 "Dalibor," opera in three acts, music by Smetana. Act 1 (S). 8.25 Music on the Air. 8.40 "Dalibor" (S). 9.40 Books and Authors. 9.55 "Dalibor" Act 3 (S). 10.55 Tricentennial Music. 11.25-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m. and 6.10-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today including 7.25 (VHF) Regional News. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 (VHF) Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Voice of the People: (‡from 9.40). ‡10.00 News. ‡10.05 Checkpoint. 10.30 Daily Service. ‡10.45 Morning Story. ‡11.00 News. ‡11.05 Kaiser Bill (The life of Wilhelm II). 12.00 News. 12.02 p.m. You and Yours. 12.27 Dr. Finlay's Casebook. ‡12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (‡ from [illegible] 2.00) from Manchester, including 2.00-2.02 News. ‡2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre: Sybil, part 4: "Power." 4.00 News. 4.05 Any Answers? 4.35 Story Time. ‡5.50 Financial Report VHF Regional News. 5.55 Weather; programme news. 6.00 News. 6.15 Harry Worth. 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 Pick of the Week. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.25 Week Ending. . . . 11.40 News.

For Schools (VHF only) 9.40 a.m.-12 noon and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Susie Barnes with Rush Hour. 9.00 Lobby. 9.20 John Toogood with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. Call In, including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 Tony Fish with Home Run, including 4.50 and 5.50 London News Desk. 6.00 London Sports Desk including News at 6.30. 6.33 Look, Stop, Listen. 7.30 Jenny Thompson and Diana Rice with In Town (as 11.03 a.m.). 8.30 Black Londoners. 10.03 Andy Finney with Single File. 12.00 Closedown. As Radio 2.

London Broadcasting

261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "A.M." Breakfast-time show. 10.00 Brian Hayes: talking to London. 1.00 p.m. Newswatch. 5.00 Newsbreak. 8.00 Music in Stereo. 9.00 Nightline. 1.00-5.30 a.m. Nightwatch: news every half-hour.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene: The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 Jane Walmsley and Bryan Wolfe: London To-day. 7.30 Adrian Love: Open Line. 9.00 Nicky Horne: Your Mother Wouldn't Like It. 11.00 Tony Myatt, The Late Show. 2.0-6.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,215

ACROSS

1 Son changing one love for another is a careless worker (6)
4 Slovenly worker loses his grip on brick carrier (8)
9 Confirm if very embracing (6)
10 Becoming involved in argument concerning start of trout fishing (8)
12 Pay again to take up a new home (8)
13 Overcharge for wool coat (6)
15 Born and died in want (4)
16 The cost of putting birds in river . . . (7)
20 . . . and one of those birds to note is ostentatious (7)
21 Game that's right in the bag (4)
25 Game that could be pontoon (6)
26 The end of school period in America? (8)
28 Excel although not in balance (8)
29 Share three-quarters of dividend (6)
30 Savour mature equestrian performance (8)
31 Not all the same but could be deadly (6)

DOWN

1 Always in one half of prison for cleaving (8)
2 Runs hose out in forward dashes (8)
3 Decadent part of brief fete (6)
5 English boy goes outside for dog controller (4)
6 Dog I note is a boxer (8)
7 Called from a distance and had to go round French island (6)
8 One who follows boat to bank? (6)
11 Bending cord and half string (7)
14 Regarded with high respect although continuously in the red (7)
17 Brags about, raw eggs scrambled before start of supper (8)
18 Flourish cereal container (8)
19 Breakfast container made of very thin porcelain (8)
22 A second-class thoroughfare overseas (6)
23 Whisper that bird let out (6)
24 Drink with one doctor and one Bachelor of Engineering (6)
27 A giant is excitedly eager (4)

SOLUTION TO PUZZLE No. 3,214

Across: PENURY, BRUSSELS, RATIONALE, OUTDO, ENNA, ESSENTIALS, TRIBUNE, STAIRS, TEACUP, ANTIQUE, ATALL COSTS, DIET, TROON, INCENTIVE, YEARS AGO, CAVEAT

RACING BY DOMINIC WIG[AN]

Lone Eagle for Newbur[y]

TWELVE smart performers, nine previous winners, compete in this afternoon's Wyld Court and Tom Masson Trophy Hurdle at Newbury. This two-mile event should provide a fine spectacle.

My idea of the probable winner is Fred Winter's highly rated Irish importation *Lone Eagle*.

This tough four-year-old, who enjoyed a profitable first season at Winter's Uplands Lambourn stable, winning two races and finishing runner-up on two of his other three appearances, is reported in fine heart. A reproduction of the form which saw *him outpacing his opponents in* Sandown's Village Hurdle should see him home.

Two who could well make their presence felt without being quite good enough to contain the selection are *Vespucci* and *Line Shooter*.

Vespucci, a former inmate of Jeremy Tree's Beckhampton stable, which produced another much vaunted recruit to hurdling in John Cherry, has had the benefit of three previous outings this term.

Line Shooter, a highly creditable third behind Valmony and Soldier Rose there last term, is reported ready to do himself justice.

NEWBURY
2.00—Sage
2.30—Lord Browndodd
3.00—Lone Eagle
3.30—Power and Glory***
4.00—Billion**
4.30—Head First

DONCASTER
3.30—Good Fellow*
4.00—Signed On
4.30—Amber Valley
5.00—Quartic Melody

Another Lambourn trainer with good prospects of a winner on this Racegoers' Club Concession Day programme is Doug Marks whose five-year-old *Power and Glory* must hold a fine chance in the William Clark Stakes, in which he recei[ves ...] lb from Oudalia.

Power and Glory, who fi[nished] out of the frame in five co[nsecutive] five races before show[ing a] return to form with a s[...] placed effort on his last a[ppear]ance, has the valuable assi[stance] of the country's strongest [light]weight, Willie Carson, and [is] my selection.

Billion, who just scraped [home] from Piccolo Marat and 14 [others] in a modest event at Bat[h] this month, can show tha[t he is] a good deal smarter tha[n his] form might suggest by ac[count]ing for *Admiral Kanari* [and] several other useful juven[iles in] the Dick Dawson Stakes.

The Horserace Betting [Levy] Board 15th Annual [Report,] covering the 12 months [ended] on March 31, was pub[lished] yesterday. It shows th[at in the] period under review the re[venue] of the Board from bookm[akers] totalled £8,115,436 and [the] contribution from the Hor[serace] Totalisator Board £206,980.

ssadors

Dear Daddy

by B. A. YOUNG

Daddy consists almost of a long family quarrel; anyone should believe implies endless gloom, that the family Denis thought up to people iverse in character that is only occasionally won't deny that there ments when I wished ething different might d there is one moment e end, a moment recalli scene of *The Seagull*, thought Mr. Cannan's on had let him down. never lets him down, is his capacity for ... Bernard, his is a former TV per... critic, etc., who into the sere and ... He has assembled including his second ... to hear his lawyer the financial fiddle by proposes to break the igned to ensure their and replace it with a me by which he and continue to live the are accustomed to, and wife can be assured of ity.

...ily consists of Gillian Hilary), who got a sociology (the great ...) and appropriately ...ing as a temporary ... Billy (Joseph ...), almost 30 but still either work or a *desire* and Charles (Patrick who shows some signs ..., since he is not only teachers' course but is to Gwen, a gas-fitters' (Rosalind March) and student. Mary (Isabel as once a successful of women's clothes but ... subjugated into a routine as surrogate to a helpless grown-up

...is no dispute about the ... the agreement. The ... are due to nothing ... Bernard's desperately tiresome character. He regards himself as omniscient; he can find a quotation to fit every situation from his immense random collection of books (that call for a design by Hutchinson Scott, the book king, and get it in a big way); he has a bottomless reservoir of tedious anecdotes about his earlier life ("I met Tom Eliot, T.S. to you"). What he has not at all is a capacity for give-and-take; as someone says, he is the opposite of a chameleon, he forces all backgrounds to take on his own colour, and in the process he *contrives to humiliate everyone.*

When Bernard's first wife Delia (Phyllis Calvert) arrives unexpectedly and proves to be an alcoholic drying out at a local nursing-home, peace is gone for good. Mr. Cannan propels each character consistently along the line he has ordained for it, and in the process shows himself a brilliant observer of middle-class family behaviour. No need to describe the squabbles in detail; their futility is one of the saddest things about them. Only Gwen shows herself to possess the milk of human kindness, though Mary, who has spent much of the evening louring in the background while her stepchildren and their father torment one another, is at least capable of relapsing into domestic routine when the family has gone.

The playing is lively and convincing, with a fine performance by Nigel Patrick as Bernard setting the pace. The company are fortunate in having such stylish dialogue to speak, and the direction by David William keeps things moving smartly enough to bridge the occasional slow patches. By the evening's end Mr. Cannan has thrown middle-class domesticity shattered to the ground; yet the curious thing is that all the time I felt a passionate love of it lurking barely out of sight.

...bum

Cav and Pag

...y ELIZABETH FORBES

...*eria rusticana* and *Pag*... re revived on Wednesday English National Opera Coliseum. John Blatch... oductions, designed by Stubbs, with the same both pieces, have come some brickbats—I have a few myself—but over five years the dramatic ...ies have been gradually ... and the action ...d up. Last time round Mascagni's turn for a face- this revival Leoncavallo ...n carefully rehearsed— ...id Ritch—while excellent *in both works, together* ...eshly considered musical ...n by David Lloyd-Jones, ...eathed new life into the old war-horses.

Cavalleria rusticana ...a is now sung by Eliza... onnell. To anyone who ...essed the flag of sexual ...bravely flown by Miss ...as the Princess Eboli in ...*rlos*, or as Amneris in ...r Santuzza is hardly to ...ited. She presents an nervous, almost insane, mad with jealousy but a shred of pride remain... ustain her, who crawls, ...ely and, at one moment, to the shabby, Sicilian, ...st pig of a Turiddu who carelessly and thought... uined her. Miss Con... isual attractiveness is ...by a hideous dress and ...; even her manner of —so flamboyantly effec... *Salome*, when she plays ..., has become an ..., lurching progression.

...mphant and marvellous to this physical disin..., Miss Connell's voice is ...smooth and full; the ...tters *savagely, as if all* ...ntuzza's beauty, passion ...e were poured out in her She sings with an attack touched with arrogance, ...ch yet remains perfectly ...cter. As Turiddu, Robert ...n gives a fine, selfless ...ance, that in no way ...s to mitigate the character's contemptible weakness. In the duet with Santuzza he finds plenty of voice to match his partner. Ann Hood is a strong Lola, flaunting her victory over her rival with relish, while Malcolm Rivers makes an equally good Alfio. Sheila Rex plays down the sentimental side of Mamma Lucia, but is moving for all her acidity of manner.

Pagliacci also has a new heroine. Ava June gives Nedda a more forceful, positive character than usual. Motionless, buttoned tightly into her smart black suit, she listens to *Canio's threats apparently unmoved*, but manages at the same time to blaze with repressed desire for life, for love, for the hot Italian sun. For once, in this rather unatmospheric antiseptic production, the Italian setting is quite believable. In excellent voice, Miss June sings with her usual care for phrasing and good diction, as well as with great dramatic conviction. Tom Swift also brings tremendous theatrical involvement to his performance of Canio, which is now probably his best role. He is not frightened of hamming the emotions that assail Canio like so many personal devils, and his acting and singing merge together indissolubly.

Neil Howlett is a sardonic Tonio, a coward who can be brave when there's no danger, otherwise a figure of pity and scorn. Ashton Smith makes a youthful-looking, pleasant-sounding Beppe, while Norman Welsby disguises the fact that Silvio, given the same circumstances, would probably behave as violently as Canio. The chorus, particularly in *Pagliacci*, gives full-throated and seemingly spontaneous expression to the music. *David Lloyd-Jones conducts both* works with the respect that such masterly scores deserve. He draws a splendidly straight line between the twin perils of sentimentality and condescension; as a result the operas seem as if newly recreated. Go and hear them—they provide a thrilling entertainment.

Cinema

Kiss of life

by NIGEL ANDREWS

Bruno Ganz and Edith Clever in 'The Marquise of O'

The Marquise of O (A) — Gala Royal
Futureworld (A) — ABC Shaftesbury Avenue
Brecht and the Cinema — National Film Theatre
Hindered — The Other Cinema
No Deposit, No Return (U) — General Release

History is bunk, someone once observed, and nowhere has history answered more consistently *to that description than* in the cinema. Few directors, faced with the task of dramatising some flamboyantly strife-torn era of the past, have seemed able to avoid recourse to the hoary but dependable clichés of the Hollywood epic: rhubarbing extras, tripwired horses, deafening explosions drowned in yet more deafening music.

Eric Rohmer's new film, however, *The Marquise of O*, solves the time-honoured problem with complete and startling ease. The battle scenes make up a small, introductory portion of this film, but the casual brilliance of their staging — mock-heroic tableaux torn from the work of David or Delacroix—gives the clue to the success of the rest of the film. Seldom has a film's visual style been more obviously inspired by Great Paintings. But Rohmer seems to have discovered the secret of giving Old Masters the kiss of life: not reproducing them in reverentially static compositions, but breathing life into them by an instinctive sympathy with the period and society which gave them birth.

Based on a story by Kleist, the film is set in the Napoleonic wars. The Marquise of the title, a young widow with two children, narrowly escapes rape during an attack on her father's castle. Some weeks later she is visited by the man who rescued her, a Russian count, who asks for her hand in marriage. At once flattered and affronted by his oddly insistent manner, she asks for time to think. But no sooner has the young man's proposal been gently deferred than the Marquise discovers that she is pregnant. To her shocked parents she protests her innocence. But they, oscillating between disbelief and indignation, banish her and her children to the country. In a last bid to clear her name, the Marquise places an advertisement in a newspaper, asking the man who made her pregnant to declare himself so that they can marry.

What begins as a picture of a society at war narrows to a *smaller*, but hardly less percussive, picture of a family at war. Like Rohmer's famous series of Moral Tales—*My Night with Maud, Claire's Knee, Love In The Afternoon*—it is a film about attitudes: the tragically, and comically, conflicting moral responses human beings bring to a common human dilemma. The period setting, far from putting a comfortable distance between *story and spectator, proves a* mirror held up to our own times. The distraction of the heroine's parents has a positively suburban patina of gentility and embarrassment, while the Great Art postures into which Rohmer relentlessly throws his characters—the Marquise draped in Ingres-like languor across beds or divans, or the first glimpse of the Count haloed in fire atop a castle wall as if ready to be painted by Delacroix—provide a mischievously funny counterpoint to the courteous banality of the dialogue.

Though made in Germany, the film, like its director, is French to the core. It takes the famous Renoir maxim "Everyone has his reasons"—that rallying cry of French humanism—to a degree of comically elastic tolerance. No sooner, at any given crisis, have the father or mother screwed their moral severity to the sticking point than they dissolve in tears or faints or garrulous remorse. One scene captures the film's switchback style to perfection: the Marquise hammers tearfully on her father's door for an audience, the father refuses to open, the Marquise bursts in, the father retreats *to an inner study*, the Marquise follows, the father reaches for a gun and fires into the air, the mother (also present) swoons into a chair, the Marquise turns away in disgust and leaves, the father stands helplessly fanning the mother's face back to life.

Rohmer's actors have caught the mock-heroic mood of the piece perfectly: Edith Clever's Marquise, elegantly mournful in a series of ever more capacious dresses, the puntilious gallantry of Bruno Ganz's Count, Peter Luhr and Edda Seippel as the heroine's addled parents. With the additional distinction of Nestor Almendros' luminous photography—an exquisite range of blues and greys and golds—*The Marquise of O* offers a feast both *for the eye* and for the mind: the most polished and most mischievously intelligent film to be seen in London.

★

Futureworld is a sequel to *Westworld*, which aficionados of science fiction will remember as the film about a robot-populated holiday centre whose lifelike humanoids cater to every whim and need of the visiting tourist. Delos by name, this world is divided into four different fantasy centres—Roman world, Mediaeval world, Westworld and Futureworld. *In our last visit* there, events took a nasty turn when Yul Brynner ran amok as a robot gunslinger with an implacable hostility to tourist Richard Benjamin. This time round, we are privileged to attend the centre's re-opening. The scars of the previous scandal have healed, and we accompany Peter Fonda and Blythe Danner thither as journalists sent to report on the safety of the new Delos.

Needless to say, the new Delos is anything but safe; and as a fresh crop of unspeakable scandals threaten to erupt, the film develops into a combat between the copy-hungry Fonda and Ms Danner and the ever-more-desperate attempts to silence them by Delos directors Arthur Hill and John Ryan. In addition to its virtues of pace and invention, the film has an irresistibly po-faced line in computer-age dialogue: No sir. I'm a 500. I'm not programmed for sex," apologises one curvaceous female automation. There is a splendid cliffhanging finale, with Fonda and Danner confronting their robot doppelgangers in a double showdown; and altogether this is one movie follow-up that one would not be sorry to see followed by several more.

The Entertainment Guide is on Page 14

★

Bertolt Brecht, messiah or demagogue of 20th centure drama according to taste, has had hardly less momentous an influence on the cinema than on the theatre. From next Monday the National Film Theatre offers a priceless chance to see some of the films directly influenced by Brecht; and to judge how far his theatre-based ideas of alienation, and of art-as-instruction, have influenced the cinema.

Most of the films on show are German-made, including two celluloid records of stage productions by the Berliner Ensemble. Of these, *The Mother* is a fascinating work: an early example of collective playwriting which offers a sort of peasant's eye view of the Russian revolution. The events leading up to 1917 are seen through the eyes of a gnarled, indomitable old lady (played by Brecht's wife Helene Weigel) whose loyalty to communism survives a decade of struggle and the imprisonment *and execution of her own son.*

The left-wing bias of this and other films in the season is doggedly uncompromising. But it shouldn't obscure the importance of Brecht's contribution, and that of his disciples, in the evolution of 20th century drama both on stage and on screen. Two of the films at least in the season—Anderson's *O Lucky Man!* and Losey's *King and Country*—show that Brecht's techniques could be applied to political theses far less one-dimensional than those often propagated by the great man himself.

Stephen Dwoskin's *Hindered*, showing shortly at the Other Cinema, is the story of a love affair between a crippled man and a "normal" girl. The male lead is played by the director himself, a polio victim whose legs are permanently encased in calipers; but initial fears that the film will be a saga of self-pity courting embarrassment and mawkishness in roughly equal proportions, are relieved by the honesty of Dwoskin's technique. As in his other films, conventional story-telling is jettisoned *in favour* of an exhaustive exploration of the characters' faces and bodies and gestures: raking the surface of physical expression for the thoughts and feelings that lie underneath. The result, far from being special pleading for the disabled, has a primal power and poignancy missing from many a more conventional love story.

Discerning adults should spare their children the new Disney film *No Deposit, No Return*. Helpful hints on kidnapping, safe-cracking and skunk-keeping do not quite relieve the tedium of a plot about two children who spend their Easter holidays in a bank robbers' hide-out, waiting for their rich but absent-minded grandfather (David Niven) to bail them out.

The Sherman, Cardiff

The Wild Duck

by GARRY O'CONNOR

This is an unusually polished and well-thought-out production by Philip Grout and the Welsh Drama Company: their open stage, so useful for Brecht and Goldoni, has been narrowed down and well-focused in Alexander McPherson's decorous interiors, though for Hjalmar Ekdal's photographic studio I should have preferred more evidence of the trade. This is balanced out by Old Ekdal's loft, which placed plum in the middle of the studio's back wall, creates a fierce and brooding suspense, all the more important in a play whose very levers of action depend on casual yet well-plotted coincidence.

Mr. Grout's production begins *by strongly emphasising* the comedy and the irony, allowing passionate encounters such as Gregers Werle's row with his father, to explode generously when they come along. The sense of comic irony persists, sustained to the very end, as Gregers' self-righteousness is at last vindicated as the death of Hjalmar's child brings Gina and Hjalmar together. The production makes us identify strongly with Relling's News of the World: we chew on the husk of the cynicism at any rate for as long as we can before engaging the grain of seriousness.

The caricature borders on buffoonery at times: Paul Hardwick, in red wig and striped lieutenant pantaloons, is splendid as Old Ekdal, his deep and resonant voice slipping to the very roots of Ibsen's marshy symbolism. Ronald Lewis is no less colourful a figure as his son, plunging from the heights of romantic despair to financial perspicuity, from scientific exultation to black suspicion; altogether a rich and diverse performance. Dawn Addams plays a restrained and steady Gina: undemonstrative, very ordinary, a performance whose strength lies in its refusal to be melodramatic.

Michael Byrne's priggish self-righteousness as Gregers has almost a Molieresque ring at times: not so much a haunted and extreme individual but a *destructive* and *only too easily* recognisable seeker after perfect truth. Phillip Manikum as Relling and Suzannah Williams as Hedvig also gives good value.

Royal Opera 1975/76

In the season ended this autumn, a total of 789 performances at Covent Garden—infinitely more than those promoted by any other European Opera House, within a total subsidy considerably smaller than that paid to any comparable theatre —it is estimated that audiences of approximately 1m. have been reached and, with the addition of radio and television, another 5½m. That adds up to an enormous programme undertaken by artists and staff numbering 1,000, a figure already substantially less than that employed by any similar House in Europe—and at a cost to the British public of *about .01p per performance!*

The annual report, out yesterday, says that despite a £3,350,000 Arts Council grant last year—an increase of £800,000 on the previous year with the 1976/77 figure risen to £4m.— what remains vital is that the Government should give the performing arts the support they need to thrive.

Sir Claus Moser, chairman of the Opera House's Board of directors said at Covent Garden yesterday: 'This means not only that further drastic economies must lead to falling standards, but also that some highly unsatisfactory aspects of our circumstances remain most unsatisfactory."

Sir Claus referred to the substantial financial assistance from industry and commerce this last season—*Siegfried* (Commercial Union and Baring Foundation), *L'Elisir d'Amore* (Corbett Foundation), *A Month in the Country* (Linbury Trust), *Romeo and Juliet* (Guinness Peat Group); the Midland Bank continued to sponsor the Proms and the "Big Top" Royal Ballet Seasons in the regions.

The Board of directors is to consider the possibility of setting *up a lottery for ballet and opera* goers to help the Royal Opera House's development fund which needs at least £3m. (Lotteries are allowed by law to make up to £30,000 a year.) The Board could consider a lottery with total takings of £5,000 a month. If they agreed on that they would be restricted to a top prize of £1,000 a month plus other prizes and expenses which would not exceed £2,500. That would mean that out of a possible total of £60,000 raised each year, the opera house could make a profit of £30,000.

Theatre Upstairs

An' me wi' a bad leg tae

by MICHAEL COVENEY

As if there wasn't enough to put up with already, there's this little thing too. No. It is impossible to Anglicise the Glaswegian idiom, flair, rhythm and blues of this extraordinary slab *of a show that comes roaring into* Sloane Square from the Edinburgh Festival fringe and, beyond, the village halls of Ayrshire. Borderline is a thriving community group of travelling players; their playwright on this occasion is none other than Billy Connolly, "The Big Yin."

The scene is a tatty Maryhill tenement flat where father, *mother and elder son* are gathered to welcome home younger son on leave from the Army and Aldershot. The set-up is an excuse for a pungent, folkloric tapestry of jokes, sentiment, abuse, songs and ritual declaration that attains the incredible distinction of suggesting that plays about family life are still viable contemporary theatrical fodder despite the combined efforts of Tennessee Williams, John Osborne and David Storey.

Young Peter, regimentally but not incurably played by David Sands, guarantees the warmth of his welcome by producing a bottle of superior hard stuff. If the short entertainment has any discernible shape, it is governed by the brilliant performance of Bill Paterson as Father, whose *alcoholically purple face follows* the bottle and conversation to an apoplectic conclusion as his one sustaining fantasy is suddenly destroyed in an eruption of filial bad temper. Father has imagined for years that he sees Ben Lomond from within his peeling walls; Peter has joined the professionals; John is an angry customer who comes closest to voicing Connolly's own brand of aggressive disenchantment.

These character elements are brought effortlessly to the boil as the company sink deeper into their cups and, on the way, loosen up into passionately intoxicated arguments about the War, Scottish poetry and Partick Thistle.

Stuart Mungall directs with a spirit and spontaneity true to *the text, and there are superbly* raucous performances from Alex Norton as John, Margot Gillies as the long-suffering mother and Sarla Ballintyne as the sort of life-and-soul auntie whose skin is as thick as the make-up that covers it.

Sadler's Wells Theatre

Rashomon

Lynn Seymour is a choreographer. There is no doubt in my mind about this fact after seeing her first professional work, *Rashomon*, which had its première on Tuesday night and which I was happy to catch up with on Wednesday. The theme is that which formed the basis for Kurosawa's film: a husband and wife attacked in a forest by a bandit, and each recounting their version of the events. Whose is the most probable depends upon the Nietzchean theory of "I have told you my truth. Now tell me yours," and we are left in some doubt as to whether the first version is that related by the bandit and the third by the husband.

I assume this to be so, since the last account finds the husband disembowelling himself, and the first shows the bandit as a considerable sexual athlete as well as an accomplished brigand, which I imagine is something to boast about. There is no doubt at all that the second account is given by the wife. The men fight during each telling of the tale, but in this central testimony Miss Seymour casts a chill and beadily feminist eye upon their abilities as combatants, and shows them as grunting attitudinisers, as risible is any wrestler threshing and hamming it up on Saturday afternoon television.

Uncertainty about the truth may be part of the ballet's argu*ment, but there is no uncertainty* about Miss Seymour's gifts as a choreographer. She can invent movement and images that are highly expressive and absolutely theatrical, notably in the pas de deux that form the central incidents in each section. The first duet is the rape of the wife—explicit but stylish is the best way I can describe it; better still a passage in the second tale in which the husband dances, hands bound, with his wife; in the third the preliminaries to the rape are told in slow-motion. All three incidents are sustained by an extraordinary imagery, fresh and potent.

And all three roles are taken with tremendous skill by Miss Seymour's cast: Robert North, a guest from The Place, as the bandit, dancing with his customary smooth power; June Highwood as the wife, sinuous, and dramatically very alert; Desmond Kelly as the husband, outstanding in the last scene in which his suicide achieves a tragic grandeur.

No less commendable the design by Pamela Marre, a new young theatre artist who has created a brilliant forest scene from strips of white cloth and a silver tracery of branches, that can bend and contract to magical effect. Miss Marre's is a debut as brilliantly promising as Miss Seymour's. Only the score seems obvious. This is the work of Bob Downes: it twangs and wheezes in pseudo-Japanese fashion, and forms an efficient sound-track to the dance, but little more than that.

CLEMENT CRISP

Wigmore Hall

French Baroque

"The instruments which are the most popular now in Paris are the harpsichord and the transverse or German flute. The French to-day play these instruments with an unparalleled *delicatesse*." Thus reported Nemeitz's *Séjour de Paris* in 1727: it was in this decade that through Michel Blavet's performances at the Concert Spirituel (he first appeared in October 1726) the flute became accepted as a serious *rival to both* recorder and violin as a virtuoso instrument.

Music by Blavet ended this recital in the Wigmore Hall's "French Week," and the remainder of the programme was equally rare and interesting, bringing together harpsichord and flute music of the later French Baroque. A group of pieces by François d'Agincour, only known to me as an organist contemporary with Daquin, had a grave and serious charm (especially the Sarabande "La Magnifique"); and the slightly better-known music of Jacques Duphly showed a nice mixture of French with Italian influence, though it paled beside the Rameau and Couperin pieces which were also included.

But the evening will have made few converts to this rewarding music. Quite apart from the details of the programme, which lumped together varied assortments of pieces and presented them as "Suites" (in the case of Rameau bearing no relation to any collection published as a suite) there was the quality of performance to consider. It would be unfair to the elegance of Michele *Delfosse to say that she played* the harpsichord like a bull in a china shop: she sounded more like a stiletto-heeled lady repeatedly tripping over in the china department of Harrods. Jerky ornaments, absurd manual changes, lumpy rhythms, wildly varying speeds . . . .

One could only sympathise with Marcel Pozzo di Borgo, the flautist brought in to ease the evening along: only a complete disinterest could account for his ill-tuned playing in a Marais "Suite." and the bland nonchalance with which he left Mlle. Delfosse to trail him at eight bars distance through much of an Attaignant dance. I hope this particular variety of *delicatesse* is unparalleled.

NICHOLAS KENYON

EUROPEAN NEWS

Italy may face further austerity squeeze today

BY DOMINICK J. COYLE

ROME, Oct. 21.

A FURTHER phase in the Italian Government's austerity programme is expected to be agreed at a meeting here to-morrow of the Cabinet presided over by the Prime Minister, Sig. Giulio Andreotti. This may include sharp increases in electricity and telephone tariffs and selective rises in value-added tax on a range of imported items.

Ministers are also understood to be considering the introduction of some form of meat "rationing," although tentative proposals envisage restricting butchers selling meat on a number of days each month rather than a specific quota system as such. The most likely consequence of such a measure here in Italy would almost certainly be to encourage a black market in meat rather than any significant reduction in imports.

The Cabinet will also have before it tomorrow two other major problems—trade union proposals to replace the planned blocking of threshold payments for higher-paid workers with a special tax, and the continuing drain of the country's limited reserves in trying to support the lira at its present rate.

All three main trade union confederations have now told the Prime Minister that, in effect, they are opposed to the principle of interfering with the existing system of threshold payments and favour instead a form of surtax on wages in excess of Lire 8m. (£5,500) annually.

The Government's own measure, which has already been published as a decree law and is thus subject to subsequent Parliamentary approval, provides for a reduction by 50 per cent. in threshold payments to workers earning between Lire 6-8m. annually and its complete abolition for a two-year period above that level.

The Government's own scheme is already a compromise, since some ministers (and the Bank of Italy) were arguing strongly for the abolition for at least six months of all automatic cost-of-living increases. Thereafter, threshold payments would be on the basis of a newly-assembled cost of living index which excluded items over which the Government has no control—such as the cost of imported petroleum products—and a range of imported goods of a semi-luxury variety.

Support intervention by the Bank of Italy since the special temporary 10 per cent. surcharge on foreign currency transactions was lifted last Monday has been considerable and highly expensive in terms of Italy's limited usable reserves, and the resulting apparent stabilisation of the rate against the U.S. dollar in the range of 868/870 is thus largely artificial.

Demirel warns U.S. on defence

BY METIN MUNIR

ANKARA, Oct. 21.

MR. SULEYMAN Demirel, the Turkish Prime Minister, to-day said that he expects the U.S. Congress to take up the new Turkish-American defence agreement at the shortest possible time after the U.S. elections and warned that the prolongation of the matter could open the way to "new erosions and shocks" in the relations of the two countries.

Mr. Demirel shut down the U.S. bases in Turkey and abrogated the Turkish American joint defence agreement in July last year, five months after the U.S. Congress decided to punish Turkey for intervening in Cyprus by putting an embargo on arms supplies.

In March this year the two states signed a new defense treaty in Washington, under which Turkey would receive over $1bn. worth of arms in exchange for resuming the use of the bases.

The Congress did not take up the ratification, which is opposed by the powerful Greek American lobby, due to the approaching elections.

"We are expected these (Congressional) debates to be completed at the shortest possible time following the elections, Mr. Demirel said in a speech here.

"Obviously it is in the advantage of both side to act swiftly. The prolongation of the ratification of the agreement could open the way to new erosions and shocks in Turkish-American relations. It must be conceded that these relations, which have suffered a period of serious crisis, cannot tolerate new experiments," Mr. Demirel cautioned.

The Prime Minister said that he sincerely wished to avoid such an eventuality and that up to now the American government had shared Turkey's opinion on the importance of their bilateral relations.

Mr. Demirel also said that Turkey wanted to resolve the Cyprus problem and other matters with neighbouring Greece in a peaceful manner.

Restrictive budget in Austria

BY PAUL LENDVAI

PRESENTING what he described as a "restrictive" budget for 1977, to the Austrian Parliament to-day, Finance Minister Dr. Hannes Androsch announced that the Austrian gross national product (GNP) next year should grow in real terms by five per cent. He confirmed earlier reports that this year's budget deficit (the Austrian budget year co-incides with the calendar year) will reach Sch.46bn. (£1.6bn.) instead of the originally voted short-fall of Sch.37bn.

Next year's budget will close with an overall deficit of Sch.43.6bn., the Minister said. Compared to the results this year, expenditures in 1977 will rise by 7 per cent., while the nominal growth rate of the GNP should be 11 per cent. The Minister starts from the assumption that, barring unforeseen developments, the stabilisation budget (as the supplementary budget allocations are called) of Sch.6.5bn. will not have to be tapped.

While Mr. Androsch gave a generally optimistic account of the Austrian economy, he also warned that the budget could only have more scope for fiscal manoeuvre if the foot is taken from the accelerator pedal. The budgetary forecast depends on the degree of restraint which will be shown by the unions in the forthcoming pay round. The Treasury chief quoted the latest forecast, predicting a rise of 6 per cent. in consumer prices next year, as against a projected 7.3 per cent. in 1976. Private consumption in real terms should be up by 4 per cent., exports by nine and imports by 7.5 per cent. next year, on a seasonally adjusted basis. More than Sch.12bn. will have to be spent on debt servicing.

N. Koreans refuse expulsion

Four North Korean diplomats, ordered to leave Finland in the latest ramifications of a Scandinavian smuggling scandal, yesterday refused to go. Their spokesman said the Finnish Government "must review the illegal decision to expel four members of our mission here."

They were ordered to leave within six days after Finnish investigations into the expulsion of North Korean diplomats from Denmark and Norway for selling duty-free cigarettes and liquor. Danish newspapers have suggested that profits from the smuggling operations were used to finance Press advertisements, praising the achievements of North Koraean President Kim Il Sung.

A spokesman at the North Korean mission in Helsinki, said, "The truth is that a subversive and professional-style thief has stolen goods from the North Korean stores and sold them." Reuter

World steel up

Non-Communist world steel production in September rose by 11.3 per cent. compared to September, 1975, according to figures released by the International Iron and Steel Institute, UPI reports from Brussels. Totals were 38,071,000 metric tons for September, 1976 and 34,191,000 metric tons for September, 1975. The increase for the first nine months of 1976 was 336,098,000 metric tons against 318,473,000 metric tons for the same period last year—an increase of 5.5 per cent. The September increase was highest in Britain (21.9 per cent.).

Lisbon Press probe

A Portuguese Government commission has started a six-month investigation of Portugal's State-owned newspapers with the aim of recommending measures to halt big financial losses, Reuter reports from Lisbon. According to the Secretary of State of Information, Sr. Manuel Alegre, the country has spent Escudos 1.5bn. (£29m.) in the past year and a half to keep 4,000 people employed on State newspapers. Several major Portuguese newspapers became State-owned in March 1975 when a pro-Communist administration nationalised the banks which owned them.

Irish Minister stays

The Irish Parliament yesterday rejected a bid to sack Defence Minister Patrick Donegan over his criticism this week of the republic's President. A motion calling for the dismissal of Mr. Donegan from the Cabinet was defeated by 63 votes to 58, after a surprisingly short debate in the Dail, PA reports from Dublin.

French economy 'can only recover slowly'

BY DAVID CURRY

THE FRENCH Government has reaffirmed that the best the country can hope for is a very slow economic recovery, dependent on severe restraint in wage increases and in state spending. While claiming, in the debate on the 1977 budget, that there was every chance of a sustained improvement, the whole emphasis of ministerial speeches has been on the need for discipline and caution.

M. Michel Durafour, a Minister handling economic affairs and finance, made clear in the National Assembly that there would be no rapid decline in unemployment, which currently affects some 941,000 people. The Government was forecasting a 4.8 per cent. growth in volume for 1977, on a par with this year's performance, and it seemed unrealistic to hope for anything better which would enable unemployment to be brought down more quickly. Failure to observe wage restraint, he warned, would simply push up the jobless totals.

M. Durafour indicated that the Government was aware of two important problems: too slow a growth in exports, and the inability of companies to finance their investments. It was studying ways of helping companies to meet their investment needs without having recourse to price increases. He also repeated the Government's insistence that the growth in monetary mass should correspond to the increase on the value of GDP, while it was realistic to aim for a budget back in equilibrium. The reining-in of the growth in expenditure, particularly in the creation of public sector jobs, was an important element in this strategy.

The Government was sticking by its setting of a 6½ per cent. figure on price increases for next year, though this would serve as a reference level for the Government's own decisions. Mentioning briefly the structural reforms which have been promised as a complement to the immediate measures of austerity, M. Durafour said that studies were under way on four problems: the re-establishment of competition, putting social security finances on a firm footing, understanding more clearly income formation, and the re-evaluation of state spending, particularly its intervention in the economy.

EEC nuclear site sought

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

LUXEMBOURG, Oct. 21.

AFTER ALMOST a year of largely fruitless discussions, EEC research Ministers to-day got down to bargaining which promises to lead to a decision on the siting of the Community's JET thermo-nuclear fusion project. Though Ministers failed to reach final agreement to-day on the size of the new four-year budget for the joint research programme, the prevailing view among European officials is that they are now working along the right lines to remove the major obstacles in the way of the project.

The planned JET programme would involve a commitment by the Nine to several decades of advanced research on ways of producing cheaper energy. It is regarded by scientists as one of the most promising areas of research in which Europe stands to gain a lead over the U.S.

It is expected that discussions on the relative merits of the four main sites under consideration will get under way at the next Council meeting in mid-November, at which Ministers also plan to examine further the proposed research budget of 374m. units of account (about £160m.). Final agreement on the budget was stalled to-day, partly because of British insistence on a 20 per cent. cut in staffing levels at the Community's research centre. Smaller cuts were advocated by France and Germany.

European officials warned privately against the U.K. pressing its demands for budgetary savings too far, in case it created political ill-feeling which might jeopardise the chances of the Culham research facility near Reading being chosen at the JET site.

Apart from Culham, the three other facilities under consideration are Cadarache in France, Garching in Germany, and Ispra in Italy. Though the choice of Ispra has been backed by the Commission, indications are that it is losing favour in the contest.

The decision on the research budget is likely to be linked to the eventual choice of a site,

MALTESE POLITICS

Borg Olivier at the crunch

BY GODFREY GRIMA, OUR MALTA CORRESPONDENT

MALTA'S opposition Nationalist Party, which last month failed to oust Premier Dom Mintoff's Labour Government from power at the elections, is now engulfed in a bitter squabble over the party leadership. On the one hand, an increasing number of party officials is insisting that Dr. George Borg Olivier step down. On the other, the 65-year-old veteran, who has led the Nationalists for more than a quarter of a century, is steadfastly refusing to make way for a younger man, at least for the time being.

The crunch will come to-morrow when the party's 500-strong general council, made up of delegates from every town and village on the island, goes into conclave. In deference to the party statute, the leader must be confirmed in office not later than three months after the elections. Another party body, the national executive, has decided the issue should be tackled now. This, for Dr. Borg Olivier, promises to be the night of the long knives. But, unless those pressing for his removal succeed in carrying through their schemes, they will have blown their chances of fighting the next elections in 1981 with a younger man at the helm, unless Dr. Borg Olivier gives up the leadership in the meantime.

> An increase in the vote in September was not enough. The party needs to win voters from the rival Labour camp by convincing lower-income voters that it is not the party of the rich.

Last month's election defeat is not the principal cause for the call, which is spreading among the rank and file, for a new leader. Failure to beat Mr. Mintoff at the polls did not stop the Nationalists from emerging stronger. With their 100,000 voters, the Nationalists now trail closely behind the ruling Labour Party.

Dr. Borg Olivier has been walking the tightrope for four years and, if bids to unseat him had subsided somewhat, it was only because various factions felt it wise to put aside the leadership wrangle for the elections. Now those pressing for Dr. Borg Olivier's removal are making it clear that the council to-morrow will be asked to take a secret vote when his stewardship comes up for approval.

To have him forced out now, his supporters argue, would appear as though he was being ignominiously cashiered for failing to put the party into power. That could create a trauma likely to weaken, if not split, the party. The Borg Olivier camp adds that the move would be the ultimate in ingratitude. The party's crowning glory came in 1964 when Dr. Borg Olivier successfully negotiated Malta's independence from Britain, and then led the island into building a new, civilian-based economy.

Party secretary Dr. Guido Demarco points out that the difference between forcing the issue now, and leaving Dr. Borg Olivier to make up his own mind when to leave, is similar to the distinction between death and euthanasia.

Why then is there such a stiff resolve within the party's upper levels not to quell the crisis? Those demanding Dr. Borg Olivier's removal believe that the party is unable to promote the image that could regain it power.

An increase in the vote in September was not enough. The party needs to win voters from the Labour camp by convincing lower-income voters that it is not the party of the rich. Dr Borg Olivier's aloof stance, it is claimed, reflects an image which denies the party needed credibility in addressing workers on the eradication of social imbalances.

Dr. Borg Olivier is also being charged with having lost the ability to provide solutions to modern problems and with failing to meet the expectations of grass-roots supporters. A case in point was his refusal to appear with Mr. Mintoff in an election debate on television. Young party members complain that they draw no political inspiration from their leader. One who gained a parliamentary seat at the election admitted: "I cannot see myself being led by Borg Olivier. Much as I hate to say it, he does not have the ability to lead men through the type of problems someone like Mr. Mintoff throws at you all the time." Nationalist MPs have often been unable to maintain a consistent line during debates.

Dr. Eddie Fenech Adami, who may be appointed leader after to-morrow's meeting, stands for steering the party to the Left of Centre by promoting workers' participation and profit-sharing and tax reliefs for lower-income groups.

CZECHOSLOVAKIA'S ELECTIONS

Division in the party ranks

BY A SPECIAL CORRESPONDENT

The function of East European elections—in which only one list of candidates is presented and automatically returned — is to serve as a setting for paeans to the party's achievements, public proclamations of ideological commitment, and countless pledges to work harder and overfulfil plan targets.

Recent events in Czechoslovakia, on the eve of elections to be held to-day and to-morrow (October 22-23), present a departure from this stale scenario, indicating that there must be considerable turmoil at the highest party levels. In speeches by top party officials the traditional themes of solidarity and progress have been replaced by criticism of the country's economic performance and calls for far-reaching changes. Some of the strongest criticism is coming not from dissidents, but from important party officials. The feeling is widespread in Prague that after eight years of political stagnation, referred to as President Gustav Husak's process of normalisation, signs of change are beginning to appear.

Ailments

The tone was set by the Prime Minister, Mr. Lubomir Strougal, in a speech to the party's central committee in early September. He not only detailed the country's economic ailments, with a particularly strong attack on incompetent management in the engineering industry (Czechoslovakia's prime foreign exchange earner), but also called for replacing negligent and irresponsible officials in management with people chosen on the basis of their experience and capability. That speech was immediately followed by the dismissal of the Agriculture Minister, Mr. Bohuslav Vecera, and two Deputy Premiers, Mr. Frantisek Hamouz and Mr. Jan Gregor. Most observers regarded these changes as insignificant in themselves, but they were indicative of further shuffles at various levels of government, particularly in economy-related posts.

Reportedly, there was considerable controversy within the central committee on whether or not Mr. Strougal's speech should be made public, with strong opposition from the conservative wing. A compromise decision was reached to publish part of the speech. Given that the 20 pages published were pretty strong stuff, people inevitably began to wonder how much stronger the suppressed sections must have been.

The speech served as a signal for similar statements from other leading functionaries. Criticism followed upon criticism, lambasting every aspect of the economy, ranging from agriculture through transport and foreign trade to the most sensitive area, the power and petrochemical sector.

A clear division is beginning to crystalise in the leadership on how to solve the serious economic problems. Those who favour some change, if not exactly full-fledged liberalisation, seem to be emerging as the dominant force.

Mr. Husak is regarded as the man representing continuity and stability. His position is generally thought to be strong. There is an evident lessening of open confrontation with the orthodox hard-line faction, personified by Mr. Vasil Bilak, who retains his function as the man responsible for ideological questions, but whose public appearances have become less frequent in recent times.

The group receiving increasing prominence is generally described as "the new technocrats," espousing a more liberal approach, at least in the economic sphere. Men associated with this group include Mr. Antonin Kapek, head of the Prague party organisation; a Politburo member, Mr. Josef Kempny; and even Mr. Strougal himself, all of whom "at least speak the language of technocrats," as one Czech put it.

But the labels of liberal, conservatives, technocrat, or hard-liner are not used by most Czechs. One Czech put it succinctly: "We are not going to let them make fools of ourselves again." If anything, there is a feeling of disillusionment and resentment against the whole ill-fated liberalisation of 1968.

A current interpretation of the Prague Spring of that year is that it was a struggle between generations. The men who came to power in 1948 were basically men of the party machine. In the intervening years a new generation of functionaries grew up, who had acquired expertise, were reaching the age of 50, and made their bid for power. With Mr. Alexander Dubcek came the opportunity for power. With his demise, power reverted to the older generation of orthodox conservatives. The result is a critical vacuum in precisely those areas where competent decision-making is most badly needed.

The disillusion with 1968 spills over into a strong scepticism about those who are now preaching reform. Although it is apparent that there is some movement, it is equally clear that what is taking place now has little to do with the liberal reforms of Mr. Dubcek or even the economic restructuring then called for by Professor Ota Sik. In 1968 the basic assumption was that one could not have economic change without concurrent political reform. Concern to-day revolves exclusively around the economy.

The Czech standard of living is higher than that of most other East European countries, since a consciously consumerist policy was intended to keep the people acquiescent. Hence the shortage of meat in most shops and the dimmed street lights to save energy make a strong impression. The situation is aggravated by the fact that while the supply of goods is insufficient, if not in terms of quantity then at least in quality, the amount of money available is still very large. Private savings accounts increased 47 per cent. last year.

"There is no sense in buying a new Skoda when your 10-year-old car is still running and the new model is virtually identical," one Czech complained.

The result is that productivity is dismal. Although the official wage is K2,300 a month, most Czechs earn considerably more by moonlighting. Many office employees leave work on Friday at noon and come back some time on Monday, spending extended week-ends at the growing number of private country houses. Official statistics indicate that only 1.2 shifts out of three are fully worked in industry.

Exacerbated

The economic difficulties stem in part from the increased prices which Czechoslovakia has to pay for its oil and other raw materials from the Soviet Union, and are exacerbated by the fact that the Soviets are not willing to increase deliveries of crude to cover future Czechoslovak needs. On the export side, the prolonged lack of investments to modernise industry is making its products less and less competitive, even in other Comecon countries, which are becoming more selective in their purchases of technology and equipment and where possible prefer to get it from the West. Mr. Strougal hinted in his speech that both conditions for raw material imports and in export markets could worsen in future.

There are signs of disillusionment with the Soviet Union evident in the speeches made by Mr Strougal and other officials, who emphasise Czechoslovakia's deteriorating position on world markets, not only in the West. The Soviets, in their turn, are reported not to be happy with Czechoslovakia's record for meeting its economic commitments, with constant problems of on-scheduled deliveries, and persistent sub-standard goods made available for soft-currency sales, particularly in the engineering sector.

It is clear from recent official statements that the lack of qualified managers in responsible positions has to be considered as a major reason for the present state of affairs. One official admits candidly that the reason usually given for the impasse in the economy was the shortage of labour and production capacity, but the real reason is lack of proper organisation.

The crux is that management is either over-cautious or apathetic, or simply is not given the scope to make decisions which could overcome the cumbersome bureaucratic process. The need for changes in this sphere is obvious, and what is more, is being publicly acknowledged for the first time. But the major stumbling block is the vast number of entrenched officials who hold their decision-making posts by virtue of their political reliability, not their ability.

The calls for reform that have appeared in the Press are reminiscent of the economic programme tenuously introduced by Mr. Antonin Novotny in 1966-67, immediately before Mr. Dubcek came to power. The proposed changes call for strengthening central planning at the macro-economic level, but allowing more flexibility and responsibility to industrial managers at the micro-economic level. In general the proposals seem to indicate the five year plan should not be taken as the ultimate regulator of the country's economic life, but that allowance should be made for changing market situations and production capacity.

To what extent these proposals will be fulfilled remains to be seen.

Grain aid to E. Germany

BY LESLIE COLITT

BERLIN, Oct. 21.

EAST GERMANY is to receive 1m. tonnes of grain from the Soviet Union over a 12-month period beginning early next year. Delleveries had been halted last year following the bad Soviet harvest.

East Germany's Communist Party leader, Herr Erich Honecker, said recently that the Soviet Party leader, Mr. Leonid Brezhnev, "promised East Germany a "significant amount" of grain but did not specify how much.

The 1m. tonnes from the Soviets, according to East German economic officials, is what East Germany normally received up to 1975, but this amount had now become insufficient. East Germany imported 3m. tonnes of grain from the West last year.

The ardvantage of grain imports from the Soviet Union is that these are paid in transferable roubles and not in scarce Western currency.

The East Germans say they will still have to import some 3m. tonnes of grain from the West, mainly from the United States, to make up the difference between consumption of about 11¾m. tonnes and the current harvest which is expected to yield 7¼m. tonnes.

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AMERICAN NEWS

Both parties fearful of voter apathy as poll date nears

DAVID BELL WASHINGTON, Oct. 21.

MAJOR political parties now seriously concerned the high level of apathy appears to be persisting final days of the election ign.

more and more likely, that, at least in the northern and mid-western which may decide the out- of the election, victory will whichever party manages its vote out. Here, the rats, despite their lack of for Mr. Jimmy may turn out to have the what now seems certain a very close race.

visit to Ohio earlier this a state regarded as cri- by both Mr. Ford and Mr. suggests that there at the problem is not so much as bewilderment. In the finally Democratic cities

...sidential Election

...rter has failed to break ...h to Democratic voters ...traditionally Republican areas of the state, Presi- Ford evinces very little en- ...sm—being often described ...ingly as the lesser of two

...oth men are considered to different candidates there overt hostility to either of and most people insist that will vote when the time Meanwhile there are still ...h number of undecided for whom to-morrow debate and whatever both candidates may have ...re could well make the ...nce. Both men will be in Ohio next week with President Ford well aware that no Repuolican has ever been elected President without carrying the state.

Despite Mr. Carter's failure to enthuse his party, Ohio democrats appear to be much more determined than usual to get out the vote. The state's labour unions, working with the aid of a computerised list of every registered Democrat in the state, have laid elaborate plans to turn out the party faithful. Carefully selected areas of the state will be overwhelmed by union volunteers on election day who will stress what they see as the economic failures of the Ford Administration. In Cleveland's black district alone, 1.000 black volunteers will be out all day trying to turn out the all-important, and solidly pro-Carter black vote.

In Ohio and the other 13 state selected by the AFL-CIO, labour has never been so organised. The unions do not particularly like Mr. Carter but they loathe Mr. Ford and his economic policies and they are determined to show that they still have political muscle. A drive to register new Democrats in Ohio has already been twice as successful as expected and if labour does what it says it can do this could deliver Ohio to Mr. Carter.

Normally the Republicans rely on a low Democratic turnout in the north of the state and a solid Republican vote in the more rural south. But this year the farmers are angry with the Administration and in Ohio, as in other parts of the farm belt, it seems very likely that Mr. Carter will bite significantly into the farm vote.

With the election now so close, Mr. Carter has little alternative but to trust the unions and the party to deliver he vote if they can. The candidate who ran so successfully against special interests within the party may now depend on just these interests to give him victory.

U.S. power commission cuts gas price rise

JAY PALMER NEW YORK, Oct. 21.

U.S. Federal Power Com- ...on (FPC), in a major revi- of what it considers to be ..." and "old" natural gas, effectively cut back large rises awarded to gas pro- ...s last July and thus sharply ...ed the likely forthcoming in consumer heating costs.

the same time, however, the admitted that its original estimate as to the impact of price rises on consumer erred on the low side by $500m. Thus, even with latest revision, annual retail ...sts will still rise by about ..., exactly the same errone- ...timate made in July.

July, under strong pres- ...rom gas producers to offer incentive for new gas ex- ...ion, the FPC lifted the ...ble well head sale prices gas newly discovered after ...y, 1973. The rises also to older gas sold for the ...me across State boundaries that date.

discovered or exploited that date would continue sold at the old price of ...nts per 1,000 cubic foot existing contracts expire. prices for this category be lifted up to a ceiling of ...ts.

...rves found between ...y 1973 and January 1975 be sold at $1.01 per 1,000 foot, up from 29½ cents. found after January 1975 ...es the biggest increase of ...rise from 29½ cents to

While all these new and sharply higher price levels remain unchanged, the FPC has now ruled that the new prices do not apply to "recompleted gas finds"—that is to say gas found by re-drilling sealed bores or drilling into to known and established reserves.

The FPC thus effectively prevents gas producers from reclassifying their gas and getting the higher prices by closing existing wells and re-drilling 100 yards down the road.

An FPC spokesman this morning stressed that this move could not be read as opposition to arguments that the only way to conserve energy in the U.S. is to lift prices. He noted that while this argument could apply to petrol for cars, the main use of gas falls into such essential areas as home heating and cooking.

The effect of the FPC move is to reduce by 1.3 trillion cubic feet (from 2.19 to 1.6) the amount of annual gas production classifying for higher prices. In value terms, the estimated increase in consumer costs falls from a real figure of $2.04bn. under the July increases to $1.46bn.

Further effective price cuts could be coming. The Commission let it be known that it is now studying and could act upon an internal recomendation to reduce the "medium-age" gas prices from $1.01 to 93 cents. No estimate was given as to the likely impact of such a reduction on consumer costs.

Bellow wins Nobel prize

JOHN WALKER STOCKHOLM, Oct. 21.

NOBEL Literature Prize ...76 has been awarded to ...can author Saul Bellow for human understanding and analysis of contemporary that are combined in his the Swedish Academy ...ced to-day.

Bellow is probably best as a novelist and short writer, although he has number of plays per- ...in the U.S. as well as ...don. In 1937 he completed ...dies at the Northwestern ...sity of Chicago and ...d to become a writer. then he has with one or ...ceptions taught at various ...can universities—the Uni- of Minnesota, Princeton, York University and the ...sity of Chicago. The this year is valued at ...,000 (£98,000).

...h Saul Bellow winning the ...ture Prize, all the Nobel this year—except for the Prize which was not ...ed this year—have gone to ...cans. This is the first time the inception of the prizes 1 that the U.S. has won all ...ards in the same year. The ...s Prize was jointly awarded to Professor Burton Richter and Professor Samuel Ting, the chemistry prize went to Professor William Lipscomb and the medicine prize is shared jointly between Professor Baruch Blumberg and Dr. Daniel Gajdusek.

Some observers feel that with all the prizes going across the Atlantic this year, Swedish American relations should be on a much firmer footing than before, particularly as this year is the bicentenary of American independence. During the past decade relations between the two countries have been distinctly strained from time to time.

● Saul Bellow said to-day he was very proud to have won the 1976 prize, UPI reports from Chicago. "I feel it is a very great honour. After all, some first rate writers have won it," Mr. Bellow said. Seven Americans made an unprecedented sweep of this year's series of Nobel awards.

Mr. Bellow said he had not yet received official notification of the award from the Swedish Academy but he planned to go to Stockholm to accept the honour.

U.S.-Guyana row over air crash

...ar of words has broken out ...en Guyana and the United over Prime Minister Forbes ...am's thinly veiled charges ... complicity in the apparent ...ge of a Cubana Airlines air- off Barbados on October 6, our Georgtown correspon- The American charge d'affaires has lodged a strong protest and, according to one report, a State Department spokesman said Mr. Burnham was guilty of "bald face lies."

Meanwhile, Ministers and civil aviation experts from five Caribbean countries met in Port of Spain again yesterday after failing to agree on who should take legal action over the crash.

Prices rise slightly as earnings decline

By Our Own Correspondent

WASHINGTON, Oct. 21.

AMERICAN CONSUMER prices went up by 0.4 per cent. last month, the smallest increase for six months. However, real earnings in the month fell by 0.5 per cent., largely because of a shorter working week.

These are the last major economic statistics to be released before the election and the consumer price figure will at least come as some consolation to President Ford after publication of a number of other calculations that have cast doubt on the health of the economy.

The relatively modest increase was largely due to the fact that food prices were unchanged in September. There was a 0.4 per cent. rise in the index of industrial commodities.

As measured by consumer prices, the rate of inflation in the third quarter was at an annual rate of 5.8 per cent The gross national product figures revealed earlier this week put the inflationary aspect of GNP at an annual rate in 4.4 per cent. in the July-September period.

● American popularity in Western Europe has fallen to its lowest point for more than 20 years, according to polls taken for the U.S. Information Agency during the summer in Britain, France, Italy and West Germany.

ECONOMIC ISSUES IN THE U.S. ELECTION

Simple slogans on both sides

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

EVERYBODY agrees that there has been no overriding substantive issue in the course of the U.S. Presidential Election campaign, but there is a sort of consensus that the state of the economy is the underlying issue.

The economic-political debate is of a very simplified nature. To a Democrat, the economy translates into certain signal words—jobs, the pocketbook, inflation and all the numbers that are associated with them. The Republicans are no different. Their signal words are equally simple like fiscal responsibility and stability, and their numbers invariably centre on the profligacies of a Democratic Congress, budget deficits, and the national debt.

It had looked earlier this year as though the Republicans, occupying the Administration, had managed to turn the trick of getting all their numbers, and some of the Democrats', moving in the right direction in the run up to the election. In the first quarter, Gross National Product rose at an annual rate of over 9 per cent.; prices went up by little more than 3 per cent.; and unemployment fell below 7.5 per cent. Even some Democrats wondered if they could afford to make the economy an issue, lest they fall into President Ford's trap.

It is different now: the economy, in the official jargon, is in a state of "pause"—but it is a pause that seems to be lingering an awfully long time. Real growth by the third quarter was down to 4 per cent. per annum, not enough to make a dent in an unemployment rate that had gone up to closer to 8 per cent. The rate of inflation still appeared to be reasonably low (4.4 per cent. as measured by the GNP deflator in the third quarter), but last month both wholesale and industrial commodity prices rose at an annual rate of 10.8 per cent.

There appear to be doubts whether things are going to get better quickly. The index of leading economic indicators fell by 1.5 per cent. in a month, industrial production failed to rise at all in September (and even without the Ford Motor Company strike it would have risen but marginally). Personal income rose by an extremely modest amount, and retail sales (which the Administration kept saying would pick up in the autumn) crept up by a miserable 0.1 per cent. in September. The doomsayers were not slow to point out that in the midst of all this uncertainty the OPEC countries were likely to raise the price of their oil (on which the U.S. is more dependent now than it was at the time of the 1973 embargo) by at least 10 per cent. before the year is out.

The administration, while gently lowering some of its more optimistic early year forecasts, has stuck to its guns. The latest cant is that "the pause is on the upswing." If moved, as he often is, Mr. W. E. Simon, the Secretary of the Treasury, argues that slower growth is the only way to exorcise the demon of inflation, which, he goes on, has been conjured up by the Democrats in the Congress and their unlimited spending.

This is where electioneering comes in, and common sense goes out of the window. To be fair, both President Gerald Ford and Mr. Jimmy Carter tried to conduct a serious economic debate the first time they confronted each other on national television a month ago. Mr. Ford actually talked about the Fed's monetary policy (and got nearly all of it right), while Mr. Carter, in a departure from convention that must have staggered traditionalists actually treated 100m. watching Americans to a brief dissertation on DISCS, the assistance programme for American exporters. But the candidates were advised by the Press and others that they had been monumentally dull. The poor men found it necessary to revert to type.

So economic issues are again being reduced to the level of time-honoured political charge and counter-charge and not particularly enlightening for it. The Democrats are sticking to their bread and butter issues. The Republicans feel that they can nail Mr. Carter on taxes (on the basis of unguarded remarks about greater equity in the tax system which have subsequently been shamelessly distorted), while the implication of the Democrat onslaught is that because Mr. Ford plays golf with steel lobbyist he does not care that nearly 40 per cent. of black teenagers are out of work.

> The state of the economy and the direction it is likely to take matters more than what the politicians now propose to do about it.

All this has tended to leave both the real economic concerns of the people and the real state of the economy as subjects which do not seem to be considered fit for public discussion, except occasionally in the speeches of Mr. Simon or Mr. Carter's vice-presidential candidate, Senator Walter Mondale.

The tentative conclusion, therefore, is that the state of the American economy and the direction it is likely to take matters more than what the politicians now propose to do about it. The consensus among economists is that the fourth quarter should be better than the third, with real growth in the 5-6 per cent. range on an annual basis. That will not bring down unemployment rapidly, but it will help. In spite of last month's surge of wholesale and industrial prices, nobody seems to expect a return to double digit inflation, though the underlying inflationary rate of 6 per cent. is unlikely to decline much. The administration believes that capital investment, seduced by lower interest rates, is already starting to pick up, though if the "pause" persists the trend could easily be reversed. The Fed has opened its purse a bit in recent weeks and, it is thought, will not close it again in a hurry.

The outlook, therefore, is either cautiously optimistic or cautiously pessimistic, depending on who is to be believed. The suspicion is that the mood of the country reflects that uncertainty: farmers may vote one way or the other, or not at all, because of particular economic reasons affecting them, as may Blacks, or Chicanos, or steelworkers. But overall the country is not being offered stark economic alternatives but variations on the oldest of political economic themes. Some of these themes have worked before, but nobody is certain that this time they will.

OVERSEAS NEWS

Big rally in Peking against Mme. Mao

By a Special Correspondent

PEKING, Oct. 21.

JUBILANT crowds in Peking to-day shouted their hatred for Chiang Ching, widow of Chairman Mao Tse-tung, and her three alleged co-conspirators against the Chinese Communist Party.

In a huge highly organised and official demonstration celebrating the downfall of the "gang of four" an estimated 2m. or more people marched around Tienanmen Square in the heart of the city from since early this morning.

Long columns of factory workers, school children and students, raising their fists in the Communist salute, shouted "Down with Chiang" "Down with Wang, Chang and Yao." Wang Hung Wen, Chang Chun Chiao and Yao Wen Yuan were arrested with Chiang Ching in a dramatic putsch against the Communist Party radicals nearly two weeks ago. Huge contingents of People's Liberation Army soldiers and smaller columns of naval, airforce and blue uniformed public security personnel swelled the ranks of the demonstrators.

The overwhelming presence of the army, some columns marching with fixed bayonets, others shuffling along armed only with their water bottles, left no doubt about the political means of the People's Liberation Army. Neither armed forces nor public security officers were strongly in evidence during similar noisy demonstrations six months ago to celebrate the fall of former senior vice-premier Teng Hsaio Ping from power.

(Sydney Morning Herald)

Polisario push

Polisario guerillas are attempting to isolate the town of El Aaiun, the Moroccan-held capital of the former Spanish Sahara, a spokesman for the Polisario Front told Reuter in Algiers.

Miki resign call

More than 200 parliamentary members of Japan's ruling Liberal Democratic Party yesterday demanded that Prime Minister Takeo Miki resign and hand over office to Deputy Premier Takeo-Fukuda, Reuter reports.

India election

Prime Minister Indira Gandhi hinted yesterday that general elections for India, already postponed for one year, may be put off once again, Reuter reports from New Delhi.

Smith gives warning of danger to Geneva conference

GENEVA, Oct. 21.

RHODESIAN Prime Minister Ian Smith arrived here to-day heading a delegation which he said would "lean over backwards" to try to make a success of the conference on the country's future.

Mr. Smith, first leader to fly in for next week's talks with black African nationalists, warned there was a danger of the talks being undermined by people trying to change the basis of agreement already reached.

"If there are people who are going to reject the basis of the agreement which has been accepted, this does pose problems. But I believe we should wait and assess those problems before making up our minds what to do."

At a brief airport Press conference, Mr. Smith, appearing relaxed and confident, was asked if he envisaged a situation where he would walk out of the conference.

He replied: "I believe that it is possible that in the end we might arrive at a situation where in all honesty we will have to say that the whole concept which brought us here has been undermined, has been defeated, and therefore there is no point in continuing the conference. That is a possibility."

He had come to Geneva to confirm "what is now known as the Kissinger agreement, an agreement which was endorsed by both the American and British Governments and the black Presidents (of the so-called frontline states of Zambia, Tanzania, Mozambique, Botswana and Angola)."

On this basis, the task would be comparatively simple and on the surface there was a possibility "of returning home by to-morrow with the whole thing finished." But people were now trying to change the Kissinger agreement and this caused difficulties, he said.

Salisbury shanties spread

BY OUR OWN CORRESPONDENT SALISBURY, Oct. 20.

THE RHODESIAN Government is being embarrassed by a mushrooming black shanty township bordering Salisbury's white southern suburbs at a time when the country's political future is in the balance.

An estimated 20,000 blacks have moved into the township since it sprung up seven weeks ago and it now stretches over about 400 hectares of white-designated land with hundreds more blacks streaming in.

The squatters are raiding nearby white farms and residential properties for poles and thatch to construct their homes.

Angry white property owners were last week granted a High Court order calling on the Government to show cause by October 28 why the squatters should not be evicted.

The authorities have been reluctant to comment on the situation, which was described earlier this week by the Rhodesia Herald, the country's largest circulation daily newspaper, as a matter of "national emergency." The only official reaction has come from the minister of local government and housing, Mr. William Irvine, who announced that the government was to set aside $500,000 for a crash scheme in the nearby Seki tribal trust land.

The Herald commented that the way the problem was escalating this could prove "just a drop in the ocean."

S. Africa has $1.3bn. deficit

PRETORIA, Oct. 21.

SOUTH Africa had a trade deficit of R1.1bn. ($US1.3bn.) in the first nine months of 1976, according to figures released to-day by the Department of Customs and Excise.

The deficit compares with a negative balance of trade of R1.2bn. during the same period last year. Figures relating to the physical movement of gold bullion are not included in trade statistics. The statistics showed South Africa's imports between January and September this year rose by R424.5m. from last year to R4.53bn. Exports during the period rose by R516.1m. from last year to R3.35bn.

AP-DJ

Ceasefire restores uneasy calm to Lebanon

By Ihsan Hijazi

BEIRUT, Oct. 21.

A RELATIVE calm prevailed in Lebanon to-day as the Arab-sponsored ceasefire went into effect at dawn after what the Press described as one of the most violent nights witnessed by the capital in the 18 months of civil war.

Aside from sporadic shooting and occasional explosions, Beirut, its suburbs and other parts of the country witnessed an uneasy quiet throughout the day.

Battles which raged yesterday in South Lebanon were reported to have stopped but have left the Right-wing forces in control of the strategic town of Marjeyoun and its army barracks some six miles from the border with Israel.

The Palestinians, their Left-wing allies and Right-wing Christian forces had announced their intention to abide by the ceasefire which was recommended by the Arab mini-summit conference in Riyadh last week-end.

Although no one could say for certain that the ceasefire will hold for long, observers appeared to be encouraged that the clashes came to a halt despite the fact the enlarged Arab peace-keeping force decided by the Riyadh summit has yet to arrive here.

It was disclosed to-day that the Saudi military attache here, Col. Ali al Shayer, has been supervising the ceasefire in co-ordination with President Elias Sarkis. Both Right-wing and Left-wing radio stations said Col. al Shayer met to-day with President Sarkis and later with Mr. Pierre Gemayel, the leader of the Phalangist Party.

It was also disclosed that Mr. Sarkis has set up a three-man committee of his military aides to keep in touch with the various factions to maintain the truce. At the same time, Mr. Sarkis has established direct telephone contact with the heads of State of Egypt, Syria, Saudi Arabia and Kuwait.

AFTER THE RIYADH SUMMIT

Quiet optimism

BY JAMES BUXTON, IN DAMASCUS

DAMASCUS this week is quietly confident. The six power summit in Riyadh has endorsed the Syrian role in Lebanon and boosted the Government's prestige: Predictably there is a widely held belief that President Hafez el Assad's policies are right. Those of sanguine temperament even think that the Lebanese war and with it the effects it is having on Syria may soon be over. President Assad, however, has been careful to warn against extravagant optimism.

The proposals on which the six partners in Riyadh agreed amounted to the objective which Syria, with the support of most moderate groups in Lebanon, has been pursuing for the last few months. The agreement is not dissimilar from that reached between Syria, the Lebanese and the Palestinians in Damascus at the end of July. Nor does it differ much from the Syrian view put forward and nearly accepted at successive Shtaura conferences, the last of which ended abortively last week before the Syrian Army again predictably, since it had not achieved the military objectives it had set itself before agreeing to call a halt, stepped up its military campaign against the Palestinians for the second time in the last three weeks. Whether those objectives have yet been achieved is arguable.

The Syrian Government believes that the root of the problem in Lebanon is the problem of the Palestinians. If the Palestinians can be persuaded to reduce their activities in Lebanon to a level commensurate with full recognition of Lebanese sovereignty, as embodied in the Cairo agreements of 1969, then the Lebanese civil war would be considerably nearer solution. The strategy appears to be that as the Palestinians gradually withdraw, a policy of disarming the different warring factions begins (they are already subject to physical embargoes on their arms supplies) and ultimately the Syrian Army can withdraw, leaving a moderate Government to reform the country's political institutions and practices by evolution, not revolution.

The Palestinians, for whom the Lebanon is the last place in the world where they enjoy even a semblance of freedom and political independence, have been the Syrians' principal antagonists: also without the Palestinians their Left-wing allies would, it is convincingly argued in Damascus, be unable to fight. Syrian policy has been to use its force of 20,000 men in Lebanon to force the Palestinian fighting groups to accept what they would not accept over the conference table. In the last three weeks, when talks were not going on, the Syrians have used heavy artillery barrages to dislodge the Palestinians from strategic positions in the mountains to the East and South of Beirut.

The Riyadh meeting has secured an agreement: now the prospects of ultimate success have been improved but not transformed: Palestine Liberation Organisation Chairman Yasir Arafat, whose own position must be precarious to say the least, has publicly agreed to go back to the Cairo accords, along with a ceasefire and withdrawal. President Sadat of Egypt has endorsed the agreement, the outline of which he proposed himself, and has thereby given his support to Syria's role, in return for a tacit agreement that Syria will stop propaganda attacks on the Sinai agreement.

At Riyadh it was recognised that only Syria has the willpower and strength to dominate the course of events in Lebanon.

Syria is not going to have to withdraw from Lebanon: her troops there should, it has clearly been agreed, undergo a subtle metamorphosis and come to make up the bulk of the Arab League peace-keeping force. The existing 2,500-odd Arab League troops, whose contribution has to date been negligible, could be boosted with more contributions from other countries. But the difficulty the Arab League had in assembling the present force—the target was 10,000 — suggests that the chances are none too good.

At Riyadh, it was recognised that only Syria has the willpower and strength to dominate the course of events in Lebanon, and she was allowed to go ahead—as she would no doubt have done even if President Assad had refused to go to the meeting—and as she will do if the Cairo summit fails to reach agreement. President Assad now has open support from Kuwait and Saudi Arabia, which are confidently expected here to provide funds to help pay for Syria's military operations and to re-invigorate Syria's development programme, badly hit by budget cuts and the need to divert development funds generated in Syria to recurrent expenditure.

Domestically, the Government's position is much stronger than it was in June and July when large scale army operations in Lebanon began. The tension and doubt at that time were partly dispelled by President Assad's speech in which he explained Syria's aims and made the point that the Palestinians main concern should be Palestine. Anti-Palestinian sentiment has been aroused by the bomb attacks in Damascus, which culminated in the guerilla raid on the Semiramis Hotel late in September, staged, it is thought, by Palestinians supported by Iraq.

With a good measure of public support behind him, President Assad has been able to marshal substantial backing in Syria for his strategy. It is no secret, however, that there have been disturbances in recent weeks in the Northern cities of Hamma and Aleppo but they do not seem to constitute a dire threat to the regime. Those in Hamma are attributed to a highly conservative Sunni Muslim group without broad support, and those in Aleppo to the Iraqis.

The influx of refugees into Syria from Lebanon has caused severe inflation, but for many items its effect is cushioned by heavy subsidies. Probably the greatest threat to the regime is the possibility of failure in Lebanon after so much has been sacrificed.

Very few people in Damascus pretend that Riyadh has solved all or even many of the Government's problems in Lebanon. The apparent breakdown of the ceasefire this morning was not totally unexpected and there must remain doubt over whether the withdrawals will take place to the prescribed timetable. The full-scale summit in Cairo on Monday could prove to be an obstacle: convened to secure wider endorsement of the Riyadh agreement it could easily ex[...] bate bitterness and div[...] when the support of such s[...] as Iraq, which has its own t[...] in Lebanon but was not [...]sulted at Riyadh, and Alger[...] canvassed.

Agreements between se[...] partners, especially those [...] secret clauses, inevitably te[...] lead to wide differences of i[...]pretation, and it is pointed [...] that last week-end's summi[...] not the first in recent m[...] at which Syria and Egypt [...] agreed to resume relation[...] ambassadorial level. Funds [...] Saudi Arabia have dried [...] the past. Wider endorse[...] means that more parties w[...] entitled to a fuller say in [...] happens in Lebanon. End[...]ment can be removed as [...] as it can be given.

Even if the ceasefire ca[...] made to stick, one can fo[...] severe difficulties disa[...] many of the factions in Leb[...] It has been achieved in so[...] the areas under Syrian c[...] but would be a different [...] to try to effect in Beirut. At [...] stage in the future, rel[...] between the Syrians and [...] Right-wing Christians [...] deteriorate when the fact [...] the aims of the two partie[...] not identical becomes [...] obvious. The more pessi[...] observers in Damascus fo[...] bloodshed to come which [...] be heavier than that experi[...] so far, with feuds fought [...] between factions to the [...] end.

Then there are the [...]tinians. Mr. Arafat's recog[...]tion was ratified on Wedn[...] when he visited Damascus [...] the first time in about six m[...] and was received by the [...]dent. But Mr. Arafat's own [...]tion, despite its app[...] endorsement by Saudi A[...] and Kuwait, is under dispute [...] what he says will not [...] eradicate the deeply engr[...] distrust of the Syrians [...] many Palestinian groups [...] The time it has taken to [...] them to come to terms, de[...] their relatively weak mil[...] position, exemplifies this [...] difficulty is that of provid[...] convincing guarantee of the [...] status of the Palestinian[...] Lebanon: this may be somet[...] which the Cairo summit ma[...] to achieve.

Above all the Palesti[...] need to be convinced of [...] Syrian argument that Presi[...] Assad is sincere when he [...] that he only wants to steer [...] Palestinians in the direction [...] is to their own advantage, ra[...] than to crush the moven[...] President Assad wants and n[...] a stable moderate neighbou[...] Lebanon. He realises that in [...] last resort this could be unat[...]able while the Palestin[...] remain there, and that there [...] a solution to the problem [...] Palestine and a home for [...] Palestinians, long one of Sy[...] principal aims, is more neces[...] than ever and may have to [...] cede a final Lebanese solutio[...]

WORLD TRADE NEWS

Japanese face difficult round of talks in Paris

BY OUR OWN CORRESPONDENT PARIS, Oct. 21.

E JAPANESE trade mission ose visit to Britain ended lier this week will have a ky reception at talks with Patronat, the French ployers organisation, which n here to-morrow.

he mission, which is lead by danren chairman Toshiwo ko, will be told of profound cern over the deterioration the Franco-Japanese trade ance at meetings to be ired by the president of the ronat, M. Francois Ceyrac.

uring the first six months of this year France's deficit with Japan amounted to $344m., and the Patronat notes that there is a long-term trend adverse to France, whose exports to Japan covered 80 per cent. of imports from Japan in 1965 and only 38 per cent. last year.

Gallic courtesies will be observed. There will be no slanging matches at the talks, but there has been a marked decline in the warmth of French business towards Japan. Only this summer Patronat officials were talking confidently of solving bilateral trade problems by increasing French exports to Japan.

Now there is anxiety over such industries as autos. In the first seven months of this year French imports from Japan more than tripled to 34,884 while French shipments of cars to Japan sank to a miniscule total of under 100 units.

The Japanese still have only 2.5 per cent. of the French auto market, less than one-third of their market share in Britain. But Renault and Peugeot are said to fear that the Japanese will push up their share to U.K. levels.

Having accepted a ceiling in Britain, the Japanese are diverting their efforts to other European countries including France. The French have no illusions about their ability to raise auto sales to Japan.

Next year Renault, which exported only one car to Japan up to August this year, will introduce the Renault 5 GTL in Japan. But the company is aiming at sales of only 600 to 700 units a year.

There are other matters of concern to the French. They are worried about third markets, where French industry is being done far more damage than within France. French capital goods companies claim that they are being undercut by Japanese competitors who make tenders systematically designed to eliminate France from third markets in their view.

Increase in Soviet car sales to U.K. sought

By Terry Dodsworth

SATRA MOTORS, the importer of the Russian-built Lada cars, is aiming to increase its British sales next year to 12,000, up 25 per cent. on the expected 1976 figure.

This target was spelled out yesterday by Mr. Nigel Hall-Palmer, managing director of the company, when announcing a large new fleet order at the Motor Show in London yesterday. Lada has been asked to supply 70 cars for a Leicester taxi company.

News of Lada's ambitions in the U.K. comes at a time when the British motor manufacturers, through the Society of Motor Manufacturers and Traders, has been taking steps to make their fears of the growing sales of low-priced cars from Eastern Europe known to the EEC.

But Mr. Hall-Palmer said yesterday that Lada's growth potential should give no cause for concern to those alarmed by the rise in imported car sales in Britain. The expansion was based purely on the predicted growth of the home car market.

He added that Lada is also buying a large amount of components in Britain. So far this year his company has placed more than £210,000 worth of orders with British component suppliers for items like spark plugs, filters, seatbelts, rear window wipers and vinyl roofs.

Another order, worth £100,000 a year, has gone to Triplex for heated rear windows.

PULP AND PAPER PRICES

A double-edged sword

BY LORNE BARLING

THE RECENT decision by Scandinavian pulp manufacturers not to increase prices early next year, as they had hoped, can only be regarded as a temporary reprieve for troubled papermakers in Britain and the Continent.

While it is clear that the U.K. paper industry cannot at present bear a price increase on top of the additional cost caused by the fall in the value of sterling, it is equally evident that Nordic producers have serious problems.

These are underlined by this week's announcement that Finland's second biggest industrial company (which is mainly concerned with forest products) Enso-Gutzeit Oy, will lay off about 13,000 employees for an average of 10 days each in November, December and January.

These harsh measures are attributed to the slowness of the industrial recovery in Western Europe and consequently poor markets for forest products. Although considerable price increases for these products were gained during the period of high demand in 1973 and 1974, these have clearly been insufficient to cope with concurrent inflation levels.

After a number of predictions of high growth in demand for paper products in Europe, and possible shortages in the medium term, predicted growth rates have now been revised downwards to 3.5 to 4 per cent. or less.

Scandinavian companies which invested on the assumption of higher growth rates are now suffering, due to high interest rates and a stagnant market. Their hopes of getting a good return on each step in the production of a forest based product, for re-investment in the forests themselves, are now proving over-optimistic.

The view of the Nordic pulp industry is that the failure of European paper prices to keep pace with inflation during the last 18 months cannot be blamed on pulp producers. In Britain's case this problem has been exacerbated by sterling's decline in value.

Similarly, the rising ratio between pulp and paper prices, which U.K. manufacturers have pinpointed as one of their major problems, is regarded as a function of the same two factors. The papermakers' complaints of price restraints and weak markets are remote to pulp manufacturers.

But they nevertheless see the dangers, as experienced before, that unless prices of both products rise gradually, there will inevitably be a need for sharp increases at a later date, when demand reaches an acceptable level.

While the problems of the British paper industry are of obvious concern domestically, Scandinavia's traditional commitment to the U.K. markets for both paper and pulp has caused its own difficulties.

Pulp mills in Scandinavia, hoping that output this year would be better than the disastrous 1974, have been disappointed and there have been long shut downs earlier this year. Although a breakdown of profits from the different sections of integrated Scandinavian mills is not generally available, it is claimed that money is being lost on pulp production when calculated on the basis of replacement costs.

It is even claimed that the profits during the exceptionally good conditions of 1974 were not sufficient when an average annual inflation rate of 10 per cent. is assumed. Since October, 1974, it is estimated that the cost of producing a tonne of pulp has risen by between $50 and $75 a tonne, of which none has been recovered.

In the first six months of this year Swedish production of market pulp amounted to a little over 2m. tonnes, a fall of more than 10 per cent. on the first half of 1975. Furthermore, at the end of the year Swedish producers of pulp will cease to get State assistance for stockpiling, leading to a reduction of stocks and a further curtailment of production.

The scale of this stockpiling is illustrated by the fact that Sweden's stocks of chemical pulp rose by 25 per cent. in the first six months to 1.3m. tonnes. This is also shown in overall pulp delivery figures, which were down only 1.8 per cent. in the six months, while production fell by 10.4 per cent.

Although paper sales have picked up slightly in Europe as a whole and some prices have increased, this has not been enough to have any real effect on pulp markets. The U.K. has been notably slow in returning to more normal demand.

One of Scandinavia's biggest single paper products sold to the U.K., newsprint, is presenting special problems of its own. Producers had hoped that Finland would lead the way for a price increase at the start of next year, which would have been the first real rise, excluding currency adjustments, since December 1974. Interim increases have, it is claimed, added nothing to the returns to mills.

But producers have very real fears that an additional increase could result in the closure of at least one Fleet Street publication, and thus reduce overall demand.

Nevertheless, the producers have made it clear that a rise must come early next year in both the U.K. and the Continent, where some newsprint prices are around £40 a tonne more than in the U.K. Such an increase should, in present circumstances, be passed on to the consumer, but with newspaper cover prices already at a high level, publishers question their ability to raise them further.

Like newsprint, pulp prices depend to a great extent on what the end consumer is prepared to pay for the product. In the present economic conditions it is unlikely that U.K. paper markets will allow the price increases that both pulp and paper manufacturers need so desperately.

China agrees to buy more steel

BY DOUGLAS RAMSEY TOKYO, Oct. 21.

INA has agreed to resume mal levels of steel imports n Japan, according to Mr. hru Abe, managing director Nippon Steel.

Mr. Abe recently returned n negotiations in Peking at ch, he said, Chinese trade horities agreed to import ween 1.3m. and 1.5m. tons of l products in the second half 1976. The deal may also age much larger sales in informed sources in Tokyo eve.

ast April, Peking stunned anese trade circles by rely cutting its steel imports the first half of 1976 to 000 tons.

he decrease was all the more stic because Japanese steelers had been led to believe lier that China might upgrade import contracts to 2m. tons the six months and pay for lot with additional quantities Chinese crude oil.

he policy switch was, in part, to the higher prices Japan asking for its steel products, the political struggle between licals" and "Capitalist ers," which resulted in the ace at least temporary of Hsiao-Ping who favoured ased international trade, had a major influence on the ese decision.

Abe led a Japanese delega- of the six major steelmakers Peking for the steel talks h took only a fortnight and the customary month or er.

e agreement for the second of 1976 will actually be uted from November to March, but these delays are ing new. Negotiations have y been completed in time to uit all the steel deliveries to take place in the designated period.

The Nippon Steel managing director also said Peking agreed to pay several dollars more than the tonnage prices contracted in the first half. The new price is understood to be just over $20 a ton.

At 1.3m. tons, Japan's steel exports to China in the coming six months will be about twice what they were from January to June (650,000 tons, according to the Finance Ministry), but about equal to the average level since six-monthly "packages" were first negotiated in 1973 under an agreement to boost trade between the two countries.

Steel industry sources say, however, that China may want to bolster its steel imports from Japan in 1977. They say Peking gave some indication of this in advance of the Peking talks just ended.

Meanwhile, the Chinese deal is good news to the sorry ears of Japan's steelmakers who have been caught out by a much slower-than-expected recovery at home. None of the major steel producers, however, plan any major increase in production to cover the Chinese deliveries, according to press reports here.

In fact, there is a good chance quarterly production will be kept down to the 21m. tons from July to September, and since Japan is coming under increasing pressure to put the lid on its exports to Europe and the U.S., some of that steel may instead go to China.

● IBM has no orders from, nor has it shipped any computers to the Peoples Republic of China. In a story on this page on October 14 we erroneously reported that the company had exported 370-148 machines to China.

Car exhaust standards create new obstacle

BY TERRY DODSWORTH

THER obstacle appears to been thrown into the path European manufacturers in hopes of building up car in Japan.

an announcement which almost certainly raise again ssue of hidden tariff barriers apan, a Japanese technoal council said that none of 1 manufacturers look like ing the 1978 automobile ust standards on schedule.

e report, which is being itted to Mr. Shegesada mo, director general of the onment agency, added that apanese manufacturers will le to meet the requirements.

e Technology Council for ction of Nitrogen Oxide X) emission from automobile es worked out th ereport a series of meetings with the nine Japanese and 11 foreign manuacturers.

The agency plans to enorce the 1978 standards which will limit average NOX emission below 0.25 grammes per kilometre run from April 1978.

The report said Honda Motor led technical development followed by Fuji Heavy Industries, Mitsubishi Motor and Toyo Kogyo. Five other makers—Toyota Motor, Nisan Motor, Isuzu Motors, Suzuki Motor and Daihatsu Kogyo—are still in the experimental stage, but they are confident of attaining the goal.

The report said the 11 foreign makers were pessimistic on their development of low-pollution engines. The 11 are Alfa Romeo, Audi NSU, British Leyland, Chrysler, Citroen, Daimler-Benz, Ford, General Motors, Porsche, Rolls-Royce and Volkswagen.

Trade pact with Canada signed in Tokyo

BY CHARLES SMITH TOKYO, Oct. 21.

ADA and Japan to-day ed a document entitled nework for Economic Coation which is designed to imise two-way trade and inate current obstacles such problems of access for dian manufactured goods to Japanese market.

e signing marks the climax he visit to Japan by the dian Prime Minister, Mr. re Trudeau, which began erday.

e Japan-Canada "frame-" document is similar to which Canada signed earlier year with the EEC and is gned to serve the same basic ose: to assist Canada's ts to reduce its economic ndence on the U.S.

nada has a big trade surplus Japan (exports $1.3bn., orts $769m. during the six ths from April to Septem- . But the Canadians have expressing disappointment with the results of their efforts to step up manufactured exports to Japan. Canada would like to interest Japan in its Kandu nuclear reactor and in telecommunications equipment.

The Canadian Ambassador to Japan recently stated publicly that his officials had been told by NTT, the Japanese State telephone corporation, that Canadian companies would not receive telecommunications contracts if they tendered for them.

Japan's main concern so far as its trade relations with Canada are concerned appears to be that it may find itself forced to buy semi-processed raw materials instead primary materials as a result of Canada's policy of upgrading its exports.

There has also been concern in that Japanese investments intended to develop Canadian raw materials might be unwelcome or suffer discrimination.

AP signs Lancia deal

BY TERRY DODSWORTH

THER EVIDENCE of the g impact of the U.K. motor ponents industry on Euro- markets came yesterday Automotive Products, the mington Spa clutch and brake pany, which claimed that it be lifting exports to the by about 70 per cent. next .

ontracts already received g new business won within EEC to about £5m. in 1977. y include an important new with Lancia, which is to oduce three-speed AP autoic transmissions in its Beta del, to be followed by a four-speed automatic for the Gamma.

The company says that, with this new business, about 30 per cent. of its total original equipment production will be going to EEC countries in direct exports.

The contracts cover all AP's automotive product ranges, including brakes, steering, clutches and automatic transmissions. A major portion of the new business will come from France, where the company has links with Renault, Peugeot, Chrysler, Saviem and Berliet. Sales are also increasing in Germany.

White Paper urges trade descriptions law for property

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

PROPOSALS to extend trade descriptions legislation into the property field are contained in a White Paper published yesterday.

The document, which forms a review by the Director-General of Fair Trading on the workings of the Trade Descriptions Act, 1968, recommends that legislation should be in future cover misdescriptions of houses, commercial property and land, if these are made "knowingly or recklessly" by businesses.

Private sellers would not be liable to criminal prosecution, although a large proportion of sales are transacted directly between individuals.

The review committee, under Mr. John Methven, former Director-General of Fair Trading and now Director-General of the Confederation of British Industry, commented: "While we accept that professional bodies have high standards of behaviour which their members must observe, not every person dealing in property is a member of one of these bodies.

"We think members of professional bodies have as much to gain as anyone from the availability of criminal sanctions against those whose standards are less high.

"Even if some statements about property would escape the new provisions because they relate to private homes. this seems no reason to sacrifice control over all other statements about property."

Reduction

The committee appreciated that the extension of legislation could lead to a reduction in the number of details given in estate agents' particulars. But it believed basic information would still be available and thought that "a diminution in the unsubstantiated hyperbole" would be an advantage.

The White Paper suggests that, as a start, legislation should cover statements about a property's location, the type and length of lease involved, ground-rent details, rateable value and accommodation offered.

Apart from the property field, where controls over estate agents' conduct has been under consideration by the Office of Fair Trading for over a year, it covers a wide range of subjects affected by trade descriptions legislation.

New provisions are suggested which would prohibit false comparisons with "any other price" and misleading representations about the price at which particular goods are generally offered for sale.

Indications of "normal," "regular" or "usual" price should be deemed to mean the price at which the goods were previously offered.

Where a trader makes comparisons with his own previous price. the onus of proving that the goods were offered at the higher price for at least 28 days in the previous six months should be placed on him.

Absolute

The provision of any services, accommodation or facilities which did not correspond with the description previously given would, under the proposals, become an absolute offence. This would place statements in this field on the same basis as the description of goods.

On misdescription of goods, it is proposed that legislation should be extended to cover, specifically. misrepresentation of the supplier or distributor, his standing or capability and the contents and authorship of books. films and recordings.

There should be powers to extend this list and require disclosure of information about legal restrictions on the use of goods.

Review of the Trade Descriptions Act, 1968. A report by the Director General of Fair Trading. SO, £1.35.

Engineering new orders are lowest on record

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE INFLOW of new orders for the engineering and machine tool industries had picked up from a very low level by July, according to statistics from the Department of Industry to-day.

But the new orders were still outpaced by sales. As a result, order books continued to shrink. Orders-on-hand for engineering as a whole were the lowest on record.

Those for machine tools, at £19.4m., were the lowest since 1973 and represented no more than six months' work.

In June, orders on band had been £195.1m., which the Industry Department said last month was about the lowest acceptable level for the industry. Yet the July statistics, published in Trade and Industry magazine, show a further slight fall in order books.

Total new orders received showed a marked increase in July however, at 9 per cent., higher than the previous three months and 32 per cent. up on the corresponding period in 1975.

The performance in the home market—where new orders were 34 per cent. up over the three-month period — made up for the disappointing intake from overseas which was 24 per cent. down.

Home sales

The machine tool industry was hoping that MACH 76, the exhibition at the National Exhibition Centre last month, would give a further lift to home sales, but it has yet to be seen what impact higher interest rates will have on these hopes.

The flow of orders for the Massey-Ferguson-Perkins scheme to re-organise the Polish tractor industry, which could amount to £100m., has begun to make itself felt, and orders from British Leyland's car division cannot be too far away.

New orders for the engineering industry as a whole were significantly affected by some large overseas contracts gained by some electrical engineering companies.

The April-July increase in new export orders was 22½ per cent. New home orders were down 3 per cent. over the same period, giving a total increase of 5½ per cent. in the intake.

The level of sales remained above the inflow of new orders however, so order books fell by 3½ per cent. during the three months.

RAF wants 18 more Harriers

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE RAF is seeking another 18 Harrier jump-jet fighters, worth about £25m., to top up the present force, both to meet revised estimates of Warsaw Pact combat aircraft forces and cover losses of aircraft in training and other tasks.

The original RAF Harrier order amounted to 107 aircraft, of which nearly all have been delivered. Also under development is the maritime Harrier, of which 25 have been ordered. Production is nearing completion onthe 118 Harriers ordered by the U.S. Marine Corps.

Extra RAF Harriers, therefore, would help keep production going, pending the receipt of the further order from the U.S. Marine Corps for up to 340 of the AV-8B improved Harrier.

The RAF requirement is part of the normal process of keeping the Air Force's front-line units up to strength, to meet both the normal attrition rate (with aircraft lost through crashes) and continuously revised estimates of the strength of opposing forces.

The RAF would like to have more of both the Harrier and the Jaguar jet-strike aircraft, but it recognises that under present stringent controls on defence spending, it can only expect approval for limited replacement aircraft.

In the past, it would have been able to finance most of these aircraft itself, by the tight housekeeping it has been undertaking, cutting back on support and non-combat activities to release money from its annual share of the overall national defence budget for front-line aircraft.

The cuts in overall defence spending of the past two years, however, have meant that it has to ask the Treasury for approval to spend the money on more aircraft, and the Air Force Board has put up a proposal to the Treasury for the aircraft involved.

● The Government should reject any further cuts in defence spending, Mr. Ian Gilmour, Shadow defence spokesman, said yesterday. Any such cuts would further damage international confidence in the U.K.

Levy on tourism sought by TUC

By Our Labour Staff

THE TUC is asking for a meeting with Mr. Edmund Dell, the Trade Secretary, to discuss its idea for a levy on the tourist trade as a way of expanding publicity.

Japanese 'confirm Colt Cars rights'

By Terry Dodsworth, Motor Industry Correspondent

COLT CARS, the distributor of Japanese Mitsubishi cars in the U.K., moved quickly yesterday to squash speculation about its future after recent suggestions that Chrysler might assemble Mitsubishi vehicles in its European plants.

Colt said at the London Motor Show that Mitsubishi Motor had confirmed that it would "protect and guarantee" distribution rights of its European importers.

"There is no possibility of Chrysler taking over any concession for the distribution of Mitsubishi Colt cars in Europe," the statement added.

It appears to draw a sharp distinction between the manufacturing activities of Mitsubishi and distribution of its vehicles in export markets.

Two-way visits

Senior Chrysler executives have visited Mitsubishi plants in Japan to examine manufacturing methods and pollution-control techniques. A delegation from Japan is expected in Europe for a similar purpose.

Mitsubishi's contract with Colt Cars, which is 51 per cent. owned by a consortium of British businessmen and 49 per cent. by Mitsubishi, has seven years to run.

There are Mitsubishi concessions with entirely independent groups in Norway, Belgium, Holland and Finland. Negotiations are going on to establish distribution networks in France and Germany.

Reactor design 'should not be seen as final'

FINANCIAL TIMES REPORTER

THE DESIGN submitted for a steam-generating heavy water reactor should be seen as a proposal for discussion, not a final design, the Commons Select Committee on Science and Technology, which is reviewing the reactor, was told yesterday.

The Health and Safety Executive said that the Nuclear Installations Inspectorate—now part of the Executive—had yet to conduct an overall safety review, and expected to see substantial changes proposed in the coming months.

There would be "substantial disadvantages" in altering the basic safety policy, which was that some precautions had to be taken regardless of cost—those set out by Euratom on radiation protection—and others, aimed at cutting risks still further, should be taken where they were judged reasonably practicable.

Such further precautions for normal operating conditions had been set out by the Central Electricity Generating Board concerning existing reactors.

Accidents

While the Inspectorate would like to see them applied to the reactor if reasonably practicable, it did not think that compliance with the CEGB guidelines was mandatory.

Dealing with accident conditions, the Health and Safety Executive said: "A new reactor system will be judged on its merits.

"The probability of accidents may be as low or lower th[...] the case of its predecessor[...] although this is self-evide[...] desirable aim, it should n[...] made an absolute requir[...] irrespective of cost."

"The safety emphasis [...] changed in recent years. [...] now thought necessary to [...] greater weight to the poss[...] of aircraft crashes, gas ex[...]losions from other fac[...] "improbably severe" flo[...] and even earthquakes.

It was a condition of lice[...] however, that the probabil[...] severe radiation—those [...] caused injury or death to p[...] outside the plant—shoul[...] very low: odds of 1m. to [...] year against had been sugg[...]

Less severe accidents [...] have a much higher probal[...] of say 1,000 to one.

● Work has begun on dr[...] a single set of rules abou[...] tection from radiation [...] workers and the public, [...] Health and Safety Commi[...] announced yesterday.

● *James McDonald writes:* Ralph Nader, the U.S. env[...]mentalist, repeated in Lo[...] last night that the main env[...]mental priority was abolitio[...] nuclear power on a world [...] basis.

On the "economics alone [...] nuclear power industry [...] finished in the U.S. wi[...] major public subsidies," he [...] The energy gap should be [...] by increased industrial effic[...] in the use of convent[...] energy sources and develop[...] of solar energy.

THE OTHER SIDE OF RUPERT MURDOCH

The ups and downs of the Australian

BY KENNETH RANDALL

MR. RUPERT MURDOCH transformed the Australian newspaper industry with the simple concept that, in spite of all the problems of distance and regional difference, Australia had reached a stage where it could support a national newspaper for general readers.

He has never quite proved that point. The newspaper he launched in 1964—The Australian—has lurched from magnificent peaks to appallin troughs without ever looking secure as a commercial entity.

The transformation has been in the rest of the industry and has tended to leave the Murdoch empire behind.

There are no reliable figures available, however, to show that it ever paid its way. All the evidence suggests that it has not. Effective control of the paper, even excluding that exercised by Mr. Murdoch himself, has changed no less than nine times in its 12 years and the peak circulation appears to have been about five years ago at about 160,000.

Given the problems of the Australian market, that peak represented a commendable performance, despite what must have been an enormous drain on the News Ltd. group's financial resources.

Guiding hand

It prompted one of those make-or-break decisions which have been a feture of Mr. Murdoch's remarkable career. The next step, he told senior staff, was to make The Australian essential reading for every off-course punter in the country.

No more long-haiered emphasis on politics and the arts: bright, chatty, even gossipy news cover with a comprehensive sports section was the new order of the day.

RUPERT MURDOCH
Yen for intellectual "flagship."

A staff purge not surprisingly accompanied the change. The new formula was the antithesis of all that had gone before and alien territory to the dwindling band of "originals."

The guiding hand introduced by Mr. Murdoch belongs to Mr. Bruce Rothwell of the London Daily Mail. It was he who orchestrated the extraordinary performance of The Australian in last year's tense election campaign to the point where the journalist staff of the newspaper went on strike to disassociate themselves from the political bias of their employer.

When The Australian appeared on Wednesday this week, after a break of nearly a week because of disputes with the printers' union, it carried a surprisingly frank item setting out its vulnerability to industrial action. Because of its [...]tem of facsimile productio[...] five cities, it said, The Austr[...] could not withstand prin[...] strikes, even though it was [...]sible to bring out, with [...] union labour, the bigger-se[...] papers of the group in Syd[...] the home base.

Mr. Murdoch's Australian [...]ship is vulnerable, as both s[...] well know. It has been sin[...] out for union action before [...] Mr. Murdoch has effectively [...] the threat of closure to brin[...] many of his employees as [...]sible onto his side.

New technology

The present situation diff[...] however, in that the netire n[...] paper industry in Australi[...] now poised on the edge of t[...]nological revolution; and t[...] large extent, the short-term [...]come is beyond the control [...] Mr. Murdoch and his fel[...] newspaper proprietors.

The institutionalised sys[...] of industrial arbitration [...] Australia means that Gov[...]ment tribunals wil have as m[...] say as employers in how the [...] technology—which will put [...] to most of the printers' craf[...] will be introduced and on w[...] terms.

The management structure [...] News Ltd. in Australia has of[...] changed. The Australian, [...] example, has had manag[...] editors, editors-in-chief, a p[...] editor and, now a publisher.

Turnover rates among ma[...]gerial and journalist staff in [...] group have come to be regar[...] as a barometer of the Aus[...]lian's fluctuating fortunes.

The impression in Austr[...] nowis that Mr. Murdoch's p[...]sonal interests are in Lon[...] and New York rather th[...] Sydney and Adelaide, where [...] career began.

HOME NEWS

New colour tube poses problem for TV makers

BY MAX WILKINSON, INDUSTRIAL STAFF

THE BRITISH television set-making industry has reached an important turning point because of the development of a new tube technology for colour sets.

Next month, Mullard, the only British maker of television tubes, will convert a second unit of its Durham factory to producing the 20 AX, a 110 degree tube with an "in line" gun. It is hoping to convert most of its production to the new type of tube quite soon.

The 20 AX is claimed to be more reliable, to produce a slightly better quality of picture and to allow substantial reductions in the complexity of circuits.

It is a type of tube now used in most European sets, making it an essential for British manufacturers if they want to increase exports.

The British market however, is still predominantly for the earlier 90 degree tubes with three colour guns in a "delta" pattern instead of "in line."

The relative slowness of the British to change to the "in line" tubes is partly the result of the dominance of the big rental companies, which buy 60 per cent. of the colour sets produced for the home market.

By contrast, in France and Germany most sets are sold direct to customers who have become accustomed to the newer type of tube.

The Philips group, which owns Mullard, has changed all its continental sets to the 20 AX tube and is anxious to bring Mullard into line.

Hard to change

This change is presenting the other British manufacturers, of which Thorn is easily the largest, with three basic options.

First, they can convert their sets to accommodate the 20 AX and tie themselves to Mullard or other Philips subsidiaries making the same tube.

Second, they can opt for one of the other 110 degree "in line" tubes. RCA's in America and Toshiba's in Japan are the main options. Although these three brands of tube do roughly the same job, they are not interchangeable.

They require different voltages and different circuitry, so that once a manufacturer has tooled up a production line for a particular tube he would find it difficult to change. In this vital respect, "in line" tubes are very different from the earlier types, which are almost interchangeable.

Thirdly, a decision could be put off for a year or two and to continue to produce a majority of 90 degree delta gun sets, where the three colour guns are arranged in a triangle instead of a straight line, for the home market with a small volume of the newer type for export.

This third option is attractive to Thorn which makes most of its colour sets for rental rather than sale.

The company sees a steady demand for 90 degree sets, which are still slightly cheaper and rather more economical on electricity consumption.

Its large stock of delta sets with an expected life of six to eight years inevitably makes it

An analysis of a turning point in Britain's television industry

cautious about generating public demand for the newer technology.

At present, Thorn imports most of its tubes from RCA. About 15 per cent. of them are 110 degree tubes for sets designed for export.

Although Thorn has been developing better relations with Mullard through the "group of three" major manufacturers, the company is still understandably reluctant to buy tubes from its main U.K. competitor

Apart from price considerations, there is also the potential problem of a supply bottleneck if the colour television market should expand rapidly as it did in 1973.

The interests of Thorn and other rental companies which make their own sets may not, however, coincide with the long-term national interest of the industry as the Government now sees it.

For competitiveness in the European market for colour television sets will depend greatly on having a large volume of home production in the same product as is exported.

Thus Mullard would like to expand annual production of the 20 AX from the ½m. expected to be on stream by the end of the year to 1.5m. in the next year or two. At this volume the company expects economies of scale which will make the tube very competitive.

Mr. Jack Akerman, managing director of Mullard, says the company expects to be able to meet the whole of the U.K. demand by the end of 1977. If the company obtained a contract from Thorn that alone would mean an extra 600 jobs in Durham.

At present a 22 inch colour tube, the dominant size in Britain, costs about £50, while 26 inch tubes cost manufacturers around £70.

With the total U.K. demand for colour sets of around 1.5m. sets, the import of tubes by manufacturers outside the Philips group would add about £50m. to £100m. to the balance of payments deficit.

Forced to import

At present manufacturers are obliged to import tubes in some sizes which, following the closure of Thorn's Skelmersdale plant earlier this year, have not been made in Britain. Mullard says it plans to make a full range of *tube sizes, but currently* all smaller tubes (18 inch to 20 inch), accounting for a third of the market, have to be imported, many from Japan.

Thorn is now producing at the rate of ½m. to 600,000 sets a year; Philips and Pye account for 350,000 to 400,000; GEC and Rank together produce 200,000 to 250,000; and ITT, Decca and Rediffusion together produce 150,000 to 200,000

So far, the Government has not been directly involved, but efforts will inevitably be made, possibly through the National Development Office, to encourage the British television industry to agree to the maximum co-operation.

For unless high volume can be achieved with a fairly limited range of products the prospects for beating off Japanese competition in the home and export markets must be dismal.

Quite apart from allegations of "predatory pricing" by the Japanese and claims for their high efficiency, their total volume of television production now equals that of the whole of Europe, with a capacity of some 10m. sets a year.

FOURTH REPORT OF ROYAL COMMISSION ON INCOME AND WEALTH

Poor are richer and rich poorer

BY MICHAEL BLANDEN

THERE WAS a further move towards greater equality of both incomes and wealth in 1974, *according to the latest analysis** published by the Diamond Commission.

The report issued yesterday is the fourth to be produced by the Royal Commission on the Distribution of Income and Wealth, headed by Lord Diamond. It represents the commission's second set of findings relating to its standing references to investigate its subject in general.

The first report on the standing reference was produced last year and the commission has also published reports on two specific subjects: incomes from companies and higher incomes.

The latest document has three purposes:

1. It updates the statistics presented in the first report. The Commission says: "We think it prudent in a period of rapid change and high rates of inflation to issue a further report as soon as additional years' figures have become available."

2. It describes the results of analyses of the distribution of income where these have been carried further.

3. It sets out the work on which the Commission is engaged which will advance the study of the distribution of income and wealth and describes the progress made by the Government Statistical Service in implementing the recommendations made in the first report.

The most recent figures on incomes, covering 1973-74, show a 15.1 per cent. rise in the mean income as shown by the Blue *Book* statistics, from £1,614 in 1972-73 to £1,857 before tax. After tax, the mean income rose by 13.6 per cent., from £1,383 to £1,571, in a period when the retail prices index rose by 10.4 per cent.

"These figures indicate increases in average real incomes of the order of 4.3 per cent. before tax and 2.9 per cent. after tax," says the report.

Between the two years, the share in total incomes of the bottom 20 per cent. of income units increased from 5.8 to 6.2 per cent. "This was a comparatively large change in one year."

At the other extreme, the share of the top 20 per cent. declined from 42.7 per cent. of total income before tax in 1972-73 to 42.4 per cent. in 1973-74. The combined share of the three decile groups (tenths) immediately above the median level hardly changed, but that of the 30 per cent. immediately below the median fell from 18.2 to 18.0 per cent.

When incomes after tax are examined, the share of the bottom 20 per cent. showed a greater increase, from 6.8 per cent. in 1972-73 to 7.4 per cent. in 1973-74.

"The consequential reductions in percentage shares elsewhere were divided between the decile immediately below the top 10 per cent. and the 30 per cent. just below the median."

The report continues: "The improvement in the position of the bottom 20 per cent. of incomes in 1973-74 occurred at a time of substantial change.

Prices increased by 10.4 per cent. on 1972-73 and average earnings by 12.8 per cent. There were a number of special factors such as the raising of the school-leaving age (which reduced the number of low income earners), Stages 2 and 3 of the statutory pay policy, which allowed higher percentage increases at the bottom than at the top, and the "three-day week."

"It is not possible to isolate the separate effects of such factors."

More recent figures for earnings from employment take the report up to the April, 1975 new earnings survey.

"The rates of increase of median earnings since April 1974 disclosed by this survey were substantially higher than the change in the index of retail prices, particularly for women because of progress towards equal pay. They show that changes in the dispersion of earnings of manual men between April 1974 and April 1975 were very small, having regard to the increase of over 27 per cent. in median earnings during the period.

"However, the most striking feature was a drop in the ratio of the highest percentile to the median for non-manual men from 327.1 to 297.5 per cent. The NES figures support the generally held view that the earnings of the highest paid non-manual men increased at rates lower than those for other groups of employees."

The report then examines the effects of taxes and social service benefits. "When taken together, taxes and benefits reduce the income of the upper income groups and add to the income of the lower income groups, thus lessening the degree of inequality in the distribution.

"This effect is largely due to cash benefits and direct taxes, since benefits in kind and indirect taxes together have little effect on the distribution."

The report includes some new analyses assessing the effect of excluding people who are included in the statistics for only part of a year and adding back deductions from income allowable for tax, such as mortgage interest.

"The combined effect of both adjustments is to produce a revised distribution which is less unequal than the original Blue Book distribution. In this revised distribution the share of the bottom 20 per cent. is 7.0 against 6.2 per cent. in the original Blue Book distribution and the share of the top 20 per cent. is 41.8 as against 42.4 per cent."

Considering the distribution of wealth, the report finds that in 1974 the total value of personal wealth in Great Britain was estimated at £211.8bn. This compared with £173.9bn. for 1972 and £203.3bn. for 1973 (all values at current prices).

Though the latest two years show little change, there were significant changes in the asset composition, with the dominant change in 1974 being the sharp drop in the value of company securities.

"Estimates of the distribution of wealth among persons show that 25.0 per cent. of personal wealth was owned by the top 1 per cent. of the adult population, 47.4 per cent. by the top 5 per cent. and 61.5 per cent. by the top 10 per cent. The corresponding figures for 1973 were 28.0 per cent., 50.5 per cent. and 64.7 per cent.

"The major change between 1973 and 1974 was thus the sharp fall in the share of the top 1 per cent.: the shares of the groups immediately below the top 1 per cent. were virtually constant over the period.

"The fall in the share of the top 1 per cent. between 1973 and 1974 was in the same direction as the trend, but above average in size. This was largely due to the exceptional fall in stock market prices.

"Land and company securities together accounted for 13.9 per cent. of gross assets among the population as a whole, but for 45.1 per cent. of gross assets among individuals with net wealth valued between £100,000 and £199,999 and for 59.5 per cent. of gross assets among individuals with net wealth valued at £200,000 or more.

"Taken together, these two groups of individuals owned more than 45 per cent. of all personally-held company securities and over 55 per cent. of all personally-owned land. The decline in the price of land and company shares thus had a disproportionate effect at the top end of the wealth distribution and the observed decline in the share of the top 1 per cent. was above all a reflection of this factor

"An alternative measure of wealth, including the actuarial value of entitlements to occupational and State pensions shows a rather more equal distribution, with the shares of the top 1, 5 and 10 percentage groups in 1974 being estimated at 13.8, 30.0 and 41.1 per cent., respectively."

DISTRIBUTION OF PERSONAL INCOME—BLUE BOOK; 1959 to 1973-74

Percentage shares of income, before and after income tax, received by given quantile groups

Quantile group	Before income tax 1959 %	1972-73 %	1973-74 %	After income tax 1959 %	1972-73 %	1973-74 %
Top 1 per cent	8.4	6.4	6.5	5.3	4.4	4.5
2-5 per cent.	11.5	10.8	10.6	10.5	9.8	9.8
6-10 per cent.	9.5	9.7	9.7	9.4	9.4	9.3
Top 10 per cent.	29.4	26.9	26.8	25.2	23.6	23.6
11-20 per cent.	15.1	15.8	15.6	15.7	15.8	15.5
21-30 per cent.	12.6	13.1	12.9	12.9	13.2	13.2
31-40 per cent.	10.7	11.0	11.2	11.2	11.2	11.2
41-50 per cent.	9.1	9.2	9.3	9.9	9.5	9.5
51-60 per cent.	7.5	7.5	7.5	7.2	8.0	7.8
61-70 per cent.	5.9	5.9	5.8	6.6	6.5	6.4
71-80 per cent.	4.4	4.8	4.7	5.2	5.5	5.4
81-90 per cent.	5.3	5.8	3.5	6.0	6.8	4.2
91-100 per cent.			2.7			3.2

DISTRIBUTION OF PERSONAL WEALTH INCLUDING OCCUPATIONAL PENSION RIGHTS; 1973 and 1974

Percentage shares of estimated personal wealth by given quantile groups of the total population aged 18 and over, including and excluding occupational pension rights; 1973 and 1974

Quantile group	1973 Excluding occupatnl. pension rights %	1973 Including occupatnl. pension rights %	1974 Excluding occupatnl. pension rights %	1974 Including occupatnl. pension rights %
Top 1 per cent. ...	28.0	25.1	25.0	20.2
2-5 per cent.	22.5	20.3	22.4	21.8
6-10 per cent. ...	14.2	13.6	14.1	14.0
11-20 per cent.	16.5	18.0	16.6	17.6
21-100 per cent. ...	18.8	23.0	21.9	26.4
Cumulative basis				
Top 1 per cent. ...	28.0	25.1	25.0	20.2
Top 5 per cent. ...	50.5	45.4	47.4	42.0
Top 10 per cent. ...	64.7	59.0	61.5	56.0
Top 20 per cent. ...	81.2	77.0	78.1	73.6

**Royal Commission on the Distribution of Income and Wealth. Report No 4: Second Report on the Standing Reference. Cmd. 6626: HMSO. £1.83.*

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PARLIAMENT

Macmillan appeal finds few backers

Party leaders share same dislike of coalition

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

MR. HAROLD MACMILLAN's call for a Government of national unity certainly united nearly everybody in the Commons yesterday. Most, it appeared, were totally opposed to the idea.

Mr. James Callaghan, Prime Minister, pressing his hands firmly on the Despatch Box, said flatly that he was there as leader of his party—"and that is the only basis on which I remain here," he added.

When Mrs. Margaret Thatcher vehemently resumed the party dog-fight during question-time exchanges on Mr. Macmillan's broadcast of the previous night, Mr. Callaghan remarked approvingly: "At least she shares my dislike of coalitions.

"No, I don't want to see a coalition. I think it would be a disaster for this country," he continued, when MPs of the Right and the Left continued to give their views of such a proposal.

The Liberals, in the shape of Mr. John Pardoe, were in favour of a national-type Government. They wanted to break what Mr. Pardoe called single-party Government.

But apart from the Liberals, and an element of support on the Tory backbenches for a national-type Government, anyone would have thought that Mr. Macmillan was seeking to disrupt unity.

The element out of step on the Tory backbenches was represented by Mr. Jonathan Aitken, MP for Thanet E. And there was little approval—and certainly none from Mrs. Thatcher—when he suggested that many people must have been "stirred and inspired" by Mr. Macmillan's broadcast appeal.

It was a view that would have interested Mr. Heath if he had been in his ex-leader's seat below the gangway to hear it, as he has also put forward somewhat similar ideas.

But Mrs. Thatcher was plainly going to have none of it. A few moments later she was intervening to say: "Most of us would far rather see a Conservative Government with a good majority than any coalition Government."

The general mauling of the issue began with a suggestion from another Tory backbencher, Mr. Robert Adley, that the Prime Minister and the CBI had much in common—if Mr. Callaghan's recent speeches and the CBI's policy document, the Road to Recovery, were compared.

If only the Prime Minister would translate his speeches into action, probably 75 per cent. of MPs on both sides of the House could support him, said Mr. Adley.

Mr. Callaghan indicated that he was prepared to go along with this sort of unity. He pointed out that the Government, the TUC and the CBI, had all agreed at last year's Chequers meeting on necessary priorities, for an industrial strategy.

"We are getting slowly on to that path. But not nearly fast enough . . . this is going to take a long time."

Certainly, he would not spurn suggestions from either the CBI or the TUC. Indeed, he believed a joint effort of this sort was needed if the country were to benefit from a "national effort."

This nod in the direction of national unity brought Labour backbenchers to their feet. They made it clear that they, too, were against a national Government.

At one point, Left winger Mr. Eric Heffer jumped up to contend that Mr. Macmillan's broadcast the previous night was an "indication that the Tory party, itself, recognises that the present leadership of the party is totally bankrupt of political ideas."

It was therefore wisest for Labour MPs and their party to continue seeking to overcome the country's difficulties, Mr. Heffer declared. There was also condemnation from the Labour side for the "tax hand-outs" which it was contended the CBI was now demanding.

Mr. Callaghan agreed that a right view had to be taken of the tax burden—and he indicated that, in his opinion, Britain was not overtaxed in comparison with some other European countries—including West Germany.

It was after this that Mr. Aitken broke in to argue that it was now obvious to all except those "who wore blinkers on the Left wing" that the situation was too grave for the country to continue being bluffed by Mr. Callaghan's avuncular optimism.

What was needed now were "truly national solutions to the deep-seate dnational problems," said Mr Aitken.

Mr. Callaghan dismissed this intervention. "I believe in the policy the Government is pursuing. If we can hold to that, we are bound to produce results," he said. When the Tories jeered, he suggested they should recall their lack of achievement.

"A far as we are concerned, I intend to adhere to the policies we are following, difficult and uncomfortable and unpleasant though they may be—and bringing a great deal of hardship."

MR. JONATHAN AITKEN "Many people inspired by broadcast."

Mrs. Thatcher accused Mr. Callaghan of running away from reality. On his record, he had nearly trebled unemployment, brought the pound low, reduced industrial production and increased inflation, she declared.

Mr. Callaghan said when he had heard the appeal for national unity from Mr. Macmillan, and contrasted it with the behaviour of the Opposition—"I know how spurious such a call is."

Mr. Pardoe, Liberal spokesman on Treasury matters, claimed that the lack of enthusiasm for coalition was confined only to the "professional prize-fighters in the House." There was considerable support for it, he believed, in the country.

The Speaker had to conclude the noisy exchanges by calling for order.

Mrs. Margaret Thatcher left no doubt about her desire for a Tory Government "with a good majority."

Rees plans talks on vandalism

MR. MERLYN REES, Home Secretary, told the Commons yesterday that he is to have early talks with police chief officers on vandalism.

Mr. Anthony Steen (C., Wavertree) asked Mr. Rees if he was aware of the deep concern which existed among tenants on many large council estates hit by vandalism.

The worry could perhaps be lessened if the stigma of being council tenants was removed. People should be allowed to own their own houses, control their own environment, have the power to manage their own estates, and free themselves from the "petty bureaucracy" of local government, Mr. Steen argued.

Mr. Rees replied that the question of vandalism did not only apply to council house areas. It was extraordinarily difficult to deal with, but he would be taking the earliest opportunity to discuss the subject with the police.

Next week's business

COMMONS debates next week will be:

MONDAY: Retirement of Teachers (Scotland) Bill, Valuation and Rating (Exempted Classes) Bill, Sexual Offences (Scotland) Bill, second readings: motions on safety of sports grounds.

TUESDAY: Insolvency Bill, remaining stages.

WEDNESDAY: Race Relations Bill, Lords amendments.

THURSDAY: Industry (Amendment) Bill, remaining stages. Local Government (Miscellaneous Provisions) Bill, Lords amendments.

FRIDAY: Land Drainage Bill, International Carriage of Perishable Foodstuffs Bill, National Health Service (Vocational Training) Bill and Endangered Species (Import and Export) Bill, second readings.

MONDAY (NOVEMBER 1): Debate on Welsh affairs.

Lords business is:

MONDAY: Education Bill, Industrial Common Ownership Bill, Supplementary Benefits (Amendment) Bill, Aircraft and Shipbuilding Industries Bill.

TUESDAY: Education Bill, report: Dock Work Regulation Bill, Electricity (Financial Provisions) (Scotland) Bill.

WEDNESDAY: Rent (Agriculture) Bill: Motor-cycle Crash Helmets (Religious Exemption) Bill: Bail Bill.

THURSDAY: Licensing (Scotland) Bill: Agriculture (Miscellaneous Provisions) Bill.

FRIDAY: Supplementary Benefits Bill: Education Bill: Supplementary Benefit (Amendment) Bill, Energy Bill, and Companies (No. 2) Bill.

Bishops lead Christmas demo

BRITAIN'S homeless will be the "scandal of Christmas, 1976," say the Bishops of London and Southwark in a letter to clergy in their dioceses.

Dr. Gerald Ellison, Bishop of London, and Dr. Mervyn Stockwood, Bishop of Southwark, are planning to lead a march through London's West End a week before Christmas in support of the Crisis at Christmas campaign.

The campaign serves the single homeless by providing food and shelter for thousands over Christmas. It was estimated there were 100,000 men and women in Britain who could be called single homeless, and 10,000 were in London alone, the bishops said.

The disused church of St. Mary's at Lambeth, where 10,640 meals were served to the homeless by volunteers last Christmas, will be used again this year.

Energy 'budget' attempt fails

CONSERVATIVES seeking a greater stress on energy conservation called in the Commons yesterday for an annual "energy budget."

MPs were considering the Commons report stage of the Energy Bill—a measure received by the Commons from the Lords, which gives the Government powers over energy control and conservation during shortages and emergencies.

An attempt by Mr. Peter Rost (C., Derbyshire SE), who accused the Government of not taking energy conservation seriously enough, to introduce a new clause was defeated by 154 to 133, Government majority 21.

The new clause proposed that the Energy Secretary should make an annual conservation report to Parliament—a kind of "energy budget."

It also urged that before making an emergency order, the Minister should consult companies and consumers affected and justify his action in a Commons statement.

Mr. Rost said the Conservatives did not seek more restrictive laws. "It needs a bit of stick and a great deal of carrot—not so many controls but a great deal of financial incentives."

Dr. John Cunningham, Energy Under Secretary, maintained that the Government had already set a good example for energy conservation. The Government's determination should not be doubted. He suggested the main purpose of Mr. Rost's proposal had been achieved already to a certain extent.

Dr. Cunningham said that the conservation provisions should be shifted from the part of the Bill dealing with emergency powers to stand with the general powers of the Energy Secretary to control gas, petrol and electricity.

Conservative front bench spokesman Mr. Trevor Skeet said Conservative policy was to separate permanent from emergency powers.

There was no objection to the use of controls in a genuine emergency, but if a precedent for controls in normal times was established there would be no limit to their use in other industries. Conservation was best achieved by price controls—not regulations.

Labour MP withdraws National Front remark

A LABOUR MP who accused the Tories of "never demonstrating on any occasions—except on odd occasions with the National Front" was ordered to withdraw the remark by the Speaker, Mr. George Thomas, in the Commons yesterday.

Mr. Martin Flannery (Lab., Hillsborough) made the comment during a question about a police film of political demonstrations.

Mr. William Whitelaw, deputy Opposition leader, demanding that the remark should be withdrawn, said: "Mr. Flannery knows that to be totally untrue."

Amid uproar, Mr. Flannery at first refused to withdraw the remark, supported by other Labour MPs who pointed out that the National Front was not an illegal organisation.

When the Speaker then intervened, commenting that some remarks were considered offensive, Mr. Flannery withdrew his comment but added that he was sure the Opposition would now supply adequate proof that he was wrong.

Mr. Dennis Skinner (Lab., Bolsover), had asked Mr. Merlyn Rees, Home Secretary, for how long the police film of the peaceful demonstration at the visit of President Geisel of Brazil, in May 1976, would be available for police training purposes and if it would be destroyed.

Mr. Rees gave the assurance that the film would be used only for training purposes while it served a useful purpose but that it would not be kept after that.

Mr. Skinner said: "It is of the utmost importance that outside agencies do not see films of that nature, especially because there were Brazilians on that film who would be placed in difficult circumstances if they wanted to go back to Brazil."

He could not understand why the police wanted this film for training when a film of a noisy demonstration, such as a National Front one, would be of more use.

Mr. Rees repeated the film would not be made available to outside agencies but added that police officers did have to be trained. "No attempt was made to disguise the fact that the film was being made and no effort was made to film spectators."

Callaghan proposes Poulson inquiry

BY JOHN HUNT

A SPECIAL Select Committe[e] ... of the House of Commons is t[o] be set up to carry out a ful[l] investigation into allegation[s] that three MPs could not b[e] prosecuted in connection wit[h] the Poulson case because o[f] their constitutional privileg[e] as members of Parliament.

The announcement in th[e] Commons, yesterday, by M[r.] James Callaghan, represents [a] sudden change of mind on th[e] part of the Government.

Only the previous day, th[e] Prime Minister had indicate[d] to the House that he wa[s] against any specific inquir[y] into the allegations which ha[d] been made in the Observe[r] newspaper last Sunday.

But yesterday he agreed tha[t] it was in the public intere[st] that a full and thoroug[h] inquiry should be carried ou[t]. "The reputation of Parliamen[t] must be upheld and that mean[s] that public concern should b[e] satisfied," he declared.

Mr. Merlyn Rees, Hom[e] Secretary, who is standing i[n] as Leader of the House, durin[g] the sickness of Mr. Michae[l] Foot, will start talks with th[e] other political parties withi[n] the next few days to decide th[e] committee's terms of reference.

It will have full access t[o] police papers in the Poulso[n] case and to any evidence i[n] the possession of the Directo[r] of Public Prosecutions. It i[s] anticipated that it will be se[t] up before the new Parliamen[t] opens on November 17 an[d] that it will sit in private.

Unless the terms [of] reference stipulate otherwise the committee can recommen[d] any penalty it thinks fit in[-]cluding imprisonment, a fin[e] or expulsion from membershi[p] of the House. The House, a[s] a whole, would then decide t[o] accept or reject the recom[-]mendation.

Mr. Callaghan made it plai[n] yesterday that the committe[e] would confine itself to the cas[e] of the three MPs and would not extend its inquiries t[o] allegations that might concer[n] other people in connectio[n] with the Poulson affair.

He turned down a suggestio[n] from Mr. Max Madden (Lab., Sowerby) that a tribunal o[f] enquiry should sit in public t[o] carry out a wide-ranging inves[-]tigation into all the matters arising from the Poulson case.

Other Left wingers were also dissatisfied with the Prime Minister's proposals. Mr. Dennis Skinner (Lab., Bols[-]over) called for a full debate on the matter in the Commons.

The investigation by the Select Committee does not affect the wider Government reappraisal of MPs' privilege which was promised by Mr. Callaghan on Wednesday. That exercise — concerning MPs' immunity from prosecution for matters arising from proceedings in the House—will continue.

A complaint made on Wednesday by Mr. Michael English (Lab., Nottingham W.) that the Observer article involved a breach of privilege, was rejected by the Speaker, Mr. George Thomas.

Mr. Thomas said that according to precedent a complaint had to be made at the earliest possible opportunity. In his opinion no relevant facts had emerged on Wednesday concerning the article which were not known on Monday.

Pay beds Bill warning by Tories

THE GOVERNMENT'S controversial proposal to phase out pay beds started its long haul through the Lords yesterday.

The Health Services Bill will mean that, within six months of its becoming law, 1,000 private beds in NHS hospitals will be phased out—beds which Government spokesman, Lord Wells-Pestell, opening the debate, said were "little used."

Remaining pay beds would be phased out under the supervision of a Health Service Board, independent of the Secretary of State.

Lord Wells-Pestell said the co-existence in the same hospital of a small private sector and public health provision, had come to be regarded by many patients and a large number of people who worked in them, as "socially divisive and a source of grievance, dissension and sometimes confrontation."

It was morally indefensible that those who could afford the high cost of private treatment, or insuring against it, should be able to arrange for non-urgent treatment sooner than if they had relied on the NHS.

Lord Wells-Pestell said that in the real world we had to face the fact that some rationing of the health service was inevitable.

But was it to be effected in terms of clinical and social needs, or on the individual's ability to buy a higher priority than the clinical condition warranted? It was the Government's view that the priority must be assessed on clinical and social needs alone, he said.

Lord Wells-Pestell said there was nothing hasty or arbitrary in the way in which the phasing-out of paybeds was to be done.

The Government had explained time and time again the reason for giving the Health Services Board the power to control hospital building outside the NHS.

"It does not empower Ministers to squeeze and squash and hustle private practice out of existence. Since the spring of 1975, when the Government's policy of phasing out paybeds was first announced, and May of next year, about 300 new beds for acute treatment in the private sector would have become available in London alone.

This would bring the total number of private sector beds for acute treatment in London to about 2,000—almost half the total number of such beds in the whole of Britain.

Good faith

There were also a number ow well-advanced plans for increasing the number of acute private facilities in the country. All the Bill said was that if it was a hospital of over 75 beds outside London, or over 100 beds in London, then the Secretary of State must know about it.

Lord Wells-Pestell hoped the Government's assurances of good faith in respect of private medicine were not going to be viewed with suspicion. It did not expect to do anything further in the matter of private practice than carry out the provisions of this Bill.

He said: "We do not have plans to abolish private practice. Our aim is to foster harmony between all the people who work in the National Health Service and in the field of health for the people of Great Britain."

With this Bill the Government hoped to remove a long-standing cause of bitterness and disruption in the NHS.

Conservative spokesman Baroness Young said that this was a highly contentious measure. She complained that it came to the Lords for consideration very late in the day. For the Government to say that most people wanted this Bill was simply wishful thinking.

Although it was called the Health Services Bill it did absolutely nothing to improve the care of the NHS.

It phased out 1,000 pay beds from the National Health Service and introduced new controls over private hospitals and their building and maintenance. "It creates a kind of medical aparthied."

Lady Young said it was generally thought that private patients contributed about £23m. a year to the NHS. It was hard to argue, especially at this time of spending cut-backs, that NHS patients would be better looked after without that revenue.

She warned peers that there was an international market for the skills of British doctors and once new EEC regulations come into force in December, it would be easier for British doctors to practise in Paris, Holland or Germany where their skills were respected and appreciated.

She warned: "We, in this country, have got to learn to live together or we shall die through a series of self-inflicted wounds."

For the Liberals, Lord Amulree said that he could not see that the Bill would be any help at all to NHS patients. In his work at University College Hospital, he had used pay beds extremely rarely and had only admitted two patients into them —one at the urgent request of Transport House for a senior member of the Labour Party.

He could see no real reason for phasing pay beds out though he ageed that if a bed was not needed for a private patient, it should at once be used for an NHS patient.

Demands

From the cross benches, Lord Goodman, on whose compromise proposals the Bill is based, told peers that the medical profession had been given an assurance by the former Prime Minister, Sir Harold Wilson, that they were free to try to defeat this Bill if they wished.

But Lord Goodman believed it would be a mistake for the Opposition to do so. There were something like 400,000 hospital beds in the U.K. of which only 4,000 or 1 per cent., were pay beds.

Addressing the Opposition, he said: "The aim of this Bill is not to provide additional facilities for NHS patients, but to reassure the doctors that private medicine will remain in this country and remain indefinately. The importance of that cannot be exaggerated."

Lord Goodman said that because of a consultative document published by the Department of Health and Social Services, the doctors had feared, with justification though without cause, that they were going to be squeezed at both ends, with the phasing out of hospital beds accompanied by additional restrictions for the licensing of new ones.

The Government's problem had been that it had a number of people in key and crucial positions in hospitals who were making unjustified and unreasonable demands, which were a threat to the personal comfort of patients and the continuity of the mealth scheme.

The Government had had to deal with this situation. There had been an increasingly corroded atmosphere where a number of consultants had gone on strike.

Lord Goodman said it would be the highest folloy if the suspicion were allowed to remain among doctors that private medicine was in peril. Private medicioe was indispensible for a healthy medical profession in this country.

If the Bill was allowed to go through, the medical profession was more likely to be withdrawn from the political arena and to have peace and tranquility than if, once again, the whole thing was thrown back into controversy.

The Bill represented pretty fairly the proposals that had been put to the Government which had honourably discharged its obligation to produce a Bill in conformity with the arrangements made to end the consultants' strike.

Lord Goodman warned that if the Government allowed people who were not doctors to have an undue sway on medical matters and if they allowed a situation where patients regarded themselves at rsik because they were private patients then there would again be trouble.

He said there were certain changes that the doctors sought because they wanted clarification and reassurance that what they were told the Bill meant was what it meant. This reassurance should be given.

He did not believe that the present situation need have arisen if it had been treated in a different way.

Immigrant repatriation dismissed by Minister

THE IDEA of repatriating immigrants "should not be touched with a barge pole" by any of the major political parties, Mr. Merlyn Rees, Home Secretary, told the Commons yesterday.

He agreed with Mr. Michael Latham (C. Melton) that it was neither useful nor sensible to pretend anything could be achieved by talk of repatriation.

Mr. Michael Allison (C. Barkston Ash) demanded to know if it was Government policy to relax existing control on immigration, in view of comments at the Labour Party conference about the 1971 Immigration Act.

Mr. Rees replied that the Act was incomprehensible in parts and it was vital to put it right. The conference had been talking about citizenship as a basis for immigration, "something [I] believe in very strongly."

Mulley criticised over Tameside

FINANCIAL TIMES REPORTER

MR. FRED MULLEY, the former Education Secretary, was severely criticised by five Law Lords yesterday for trying to force Tameside Council, in Greater Manchester, to abolish its grammar schools.

The Lords' judgment, delivered yesterday, will encourage the nine local authorities still resisting the Government's comprehensive school plans, although the technicalities of the case concern only Tameside.

Lord Wilbeforce, in particular, read the Government a stern lecture on respecting the wishes of parents and their elected council which has important implications for the new Bill designed to enforce comprehensive schooling.

The Lords were giving judgment on an order issued by Mr. Mulley telling Tameside council to revert to a comprehensive scheme for its schools agreed on by the previous Labour council.

After the May elections, the Conservatives scrapped the plan and announced that they would preserve the five grammar schools in the area.

Mr. Mulley used Section 68 of the 1944 Education Act, which gives the Minister power to intervene if a council is acting "unreasonably," but the Law Lords said that he was abusing the intentions of the Act.

He had failed to draw a clear distinction between his own opinion of Tameside council's policy and the reasonableness of their action.

Dilemma

Lord Wilberforce commented: "After the electorate, including no doubt a large number of parents, had voted the new council into office on the platform that some selective basis would be preserved, to say that this created a "dilemma" for parents, with the undertone that this was something unreasonable, appears to me curious and paradoxical.

"Parents desired to have the chance of selective places. The new council was giving it to them. If they did not want selective places they had no need and no obligation to apply for them.

"Unless the fredom of choice, where no such freedom existed previously, is intrinsically an evil, it seems hard to understand ho wthis so-called dilemma could be something unreasonably created."

Mr. Mulley failed to take account of the obligation of a council to implement the policy on which it was elected, Lord Wilberforce said.

"I come to the conclusion that the Secretary of State, real though his difficulties were, fundamentally misconceived and misdirected himself as to the proper manner in which to regard the proposed action of the Tameside Authority."

The judgment will not directly affect any of the other councils which are reluctant to change to a comprehensive system, because Section 68 has not been invoked in any other case.

Instead, the Government is concentrating on a Bill now before Parliament which will require local authorities to submit plans to go comprehensive and give the Secretary of State powers to impose a timetable for implementing them.

Only nine of the 104 local education authorities have refused to submit plans so far. They are: Tameside, Trafford, Essex, Kent, Kingston, Sutton, Bexley Redbridge and Buckinghamshire.

A further 30 are said to be dragging their feet on the issue. They have submitted plans, but their timetable is much slower than the Government thinks desirable.

Even if the Bill becomes law in the current session, it is likely to be several years before councils can be forced to change to the comprehensive system, particularly in view of the severe shortage of money for new buildings and equipment that will be needed.

In the meantime, the councils are hoping that an early general election will put the Conservatives in power.

The Bill has run into trouble in the Lords, where it has been amended to allow local authorities to keep some academic selection if they choose.

Yesterday's judgment is likely to stiffen opposition in the Lords and amongst Conservatives in the Commons and encourage them to use disruptive and delaying tactics.

Lord Russell of Killowen said it was a most serious matter for the organisation of education in an area to be taken out of the hands of the local authority by central government on the ground that the authority was proposing to act "unreasonably."

"History is replete with genuine accusations of unreasonableness when all that is involved is disagreement, perhaps passionate, between reasonable people," he said.

Lord Dilhorne said the Queen's Bench Divisional Court—the first to hear the case—had given Mr. Mulley an order requiring Tameside to comply with his direction.

That decision had been based solely on the understanding that the refusal of teachers' unions to co-operate would make it impossible for the council to select pupils for [illegible] places.

Later [illegible] evidence, however, showed that the council planned to set up a panel of teachers to do the job.

Lord Diplock said the 1944 Act had been promoted by a coalition government at a time when there was more political agreement on the social purpose of education.

The Act placed the provision of education in the hands of local education authorities. The Ministers' functions, apart from contributing to the cost, were only supervisory and his power to fetter a local authority's choice on the method of implementing national policy was limited.

Lord Salmon felt it was incredible that the facts about pupil selection proposed by Tameside—and a similar procedure adopted in the London Borough of Barnet between 1965 and 1970—were unknown to the Department of Education and not available to the Minister on June 14 this year.

"If the Minister had asked the right question about whether the authority was acting reasonably the answer could only have been "yes."

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Microfilm

The switch from traditional to microfilm methods of information storage is admittedly expensive, but equally the benefits in cost, time and space savings can be forcefully argued. Increasing sophistication of equipment and methods is adding to the attractiveness for commerce and industry.

Cutting down on filing space

By Ted Schoeters

ALTHOUGH MICROFILM storage of company documents has been available for more than half a century it is only in the latter post-war years that va ious forms of microfilm techniques have begun to penetrate deeply into business and industry.

Yet there are many organisations who would benefit very greatly from the efficient storage and recovery of the information on which they function but still hesitate to take the admittedly expensive step of reorganising thei: archives and day-to-day running data on a microfilm basis. Why this is so is hard to explain, for any management should be able to cost the time wasted by production staff in a fruitless search for necessary details, or in failure to find copies of invoices or other documents which have been lost in transit and—especially in the overc owded hearts of large cities—determine the cost of the floor space needed to contain row after row of filing cabinets and of the staff needed to keep them in running order.

There is an inevitable corollary to any defective filing system in a big organisation—busy people who must have data at their fingertips and who have given up cent al records as a bad job will inevitably set up their own files and spend time maintaining them that should be devoted to other work. The bigger the company and the more technical the work it is engaged in, the worse the situation becomes.

In the extreme case of highly computerised organisations such as the banks, the sheer volume of paper documents produced together with the cost of storage, handling, postage and latte'ly the paper itself has, and is, forcing new solutions. Apart from an increasing use of computer output to microfilm (COM), major banks are going over to microfilm storage of customer records.

What the effect will be over the next several years can be judged from a study which recently indicated that growth of paper usage in the computing industry would only be marginal, partly because of a reduction in the number of parts per set but also partly because of widespread acceptance of COM techniques. COM usage growth for output is dramatic with a reported expansion from just under 30 per cent. now to over 40 per cent. in 1980 and that in an area where thousands of machines will be added in the meantime.

With paper costs expected to grow at around inflation rates plus 10 to 20 per cent. in Europe over the next five years, it is hardly surprising that large computer centres whose work can be adapted to COM are going or have gone that way—some use five to 10 tons of multiple forms in a single night's run.

Meanwhile, in the general area of microfilming techniques opinion seems to be divided as to how much new technology is needed. Some observers assert that there is only a small U.K. market—less than 80 systems a year—for advanced equipment that provides highly automated retrieval of information held on strip or fiche. But it could be argued that the easier it is to make and store microfilm records in such a way that coding for recovery is automatically superimposed and information sought very quickly found, the quicker microfilm record techniques will make general penetration.

Innovation

Timely innovation will sell—an example being the new AO printer from Imtec which is selling into many overseas markets against severe U.S. and Japanese competition in its various versions from semi to fully automatic.

Meanwhile increasingly cheaper and more powerful microcomputers and memories should make the solution of handling and recovery problems that much easier and help to keep down costs, even of sophisticated installations.

It is significant that one Government department which has a particularly severe records' problem is looking at the provision of computer data direct from microfilm.

Technology is not standing still. On the horizon is holographic storage which, while still captured on film, offers a cost per binary digit stored of as little as one-tenth that of magnetic tape and one hundredth that of magnetic disc with the added advantage that a hologram is highly insensitive to damage.

A prototype "Holofile" data storage and retrieval system has been demonstrated by TRW Inc. with ability to condense information into about 10m. binary digits per square inch so that a four inch by six inch fiche would contain 200m. bits. Access time to any of the information is put at one second.

Holography is generally associated with 3D representations of solid objects and reproductions of holograms have the somewhat startling property of giving a viewer the impression that the image he sees alters as he moves his head. This is due to the interferometry technique used to capture the primary image which stores much more information about the object than an ordinary film. Information about any part of the object is so distributed across the hologram that a very large portion of this can be destroyed before the quality of the reproduction is sensibly impaired.

It will be some time—say two years—before fully operational recorders readers become a serious contender in the U.S. to other forms of storage. But after that it is not possible to say what will happen, if only because of the speed of advance in microelectronic and associated technologies.

There is thus no room for complacency among manufacturers, particularly when such an organisation as the Public Record Office elects to go to a computer-based system to handle its 3m. documents, using a Nova 2/10 from Data General. Data Logic is designing the access system to the documents as an integrated whole covering security control, indexing and document request check-out and return. The computer controls turnstiles, security badge reader, optical work readers, display screens and teletypes. The important point is that originals are handled and not copies or displays from film or fiche.

Wide choice of equipment

THOUGH THE technique of capturing information—a document, a drawing, a cheque—on microfilm is simple, there are many forms of microfilm output and many types of reading and reproduction equipment to choose from. The newcomer or would-be user, however well-informed otherwise, is easily lost in the wealth of equipment and recording/retrieval methods he could be using.

How is he to choose between roll film, magazines, jackets, microfiche, aperture cards and folios, or select the most appropriate method of finding the information quickly between completely automated computer retrieval, odometer numbering, binary coding, etc., if he has only heard of a few of the names and knows little more than that?

The answer is simple. Let him take the time to go to one or more seminars at the Microforum Europe 76 at the Wembley Conference Centre from October 26 to 29. Under the wing of BETA, the Business Equipment Trade Association, there will be three seminars which include an introductory course, an extremely valuable set of case history seminars and a number of workshop sessions for people already having some knowledge of the technique and wanting to find out more about the problems of using it in a specific application. There will be ample opportunity to question speakers and delegates.

Of course, there are many managers who see no point in going through this kind of mill, because such installations are "best left to the experts". Well, there can be no one in management to-day who has not heard of a number of computer disasters, most of which were "best left to the experts" and failed because management did not insist that the computer and its producers conform to commonsense business practice, rather than stand the company on its head for some nebulous and badly costed gain.

Microfilm equipment for the complete servicing of a company can run from, say, £20,000 to £60,000 depending on company size and usage. It is thus approaching the cost of a small computer: but no microfilm system is likely to place a company in jeopardy as a computer can if it breaks down so badly that records are garbled and no invoices can be produced for several days, with severe consequences for cash flow. A bad choice of microfilm equipment and methods can, however, be very much less cost-effective than the selection of the right format hardware and retrieval system. The Microfilm Association of Great Britain, set up to promote the use of microfilm and protect the user, is a helpful body in this direction.

Meanwhile, because of still increasing costs of office premises and clerical operations generally, as well as the cost of paper, it is no longer a question of whether to go over to microfilm or not, but rather when it should be done to avoid total breakdown in finding important documents.

Every large manufacturer of microfilm devices has his showpiece installation which tends to be, generally, the biggest and most expensive he has installed to date. But they are nevertheless instructive to read about to get an idea of what the technique can cope with.

For instance, Tesco Stores took a decision to look at microfilming as a solution to filing bottlenecks as recently as June 1975. The main problem was the information base of 15m. documents filed for three years in 6,000 square feet of space at the Cheshunt headquarters of the company. Department managers also wanted more information to be kept in the files for longer periods at the sites where they work. It was ultimately decided that three sets of equipment, costing some £20,000 and supplied by Bell and Howell, would be installed—one in accounts, one in estate and pensions and one in personnel and wages records.

Details

Accounts uses a planetary camera (taking shots of documents on a flat surface) and a continuous stationery camera to capture details of cash reports from each store on 16 mm cartridges which are re-usable. Readers and reader/printers are able to work from cartridge and open spool. Estates and pensions (taking short lengths of film suitable for updating) using a planetary camera, reader/filler, readers and reader/printers. Personnel and wages places its records on microfilm with two cameras and support equipment includes fast readers and printers. All the departments send their film for processing to a central point where a single processor can handle three films simultaneously.

Perhaps even more complex is the problem solved for South Western Electricity Board by the 3M organisation. Covering the largest area in the country with 11,000 staff housed mainly in converted domestic premises in and around Bristol, SWEB had a truly monumental filing and finding problem.

Three cameras of various types, 25 readers, as well as loader and reader/printers were installed. Now 5,000 invoices a week are microfilmed. Reference to any one invoice in a cartridge of 2,500 takes 45 seconds. Half-a-million cheques are filmed on cartridges each year and the originals discarded where they previously were stored for up to 12 years. Payment vouchers, petty cash and expenses claims run to a quarter-of-a-million in a year and are similarly treated.

Personnel records are jack[eted] and work study documents [cap]tured on roll film.

The immediate result [has] been the customary savin[g of] office space and reference [time]. But the real benefit will [come] when SWEB moves to new [head]quarters next year. There [will] be no break in continuity [as] five years' records of the [whole] Region's operations can [be] moved at one go.

Almost inevitably, having [re]gard to the way in which [the] international market for p[hoto]graphic equipment [and] materials is organised, [the] microfilm market has com[e to] be dominated by the Amer[ican] based giants. But there [is a] growing European pres[ence] which comes partly from [the] activities of such companie[s as] Agfa-Gevaert in parallel wit[h] multi-national counterparts [and] partly from the appearanc[e of] engineering entrepreneurs [and] the expansion of the activ[ities] of companies making wha[t is] unique equipment.

In this latter connection [the] appearance of the AO copie[r for] the drawing office is a fea[ther] in Imtec's cap. It is un[ique] equipment designed by a [com]pany which is very smal[l in] terms of the multi-nationals which saw what the ma[rket] needed and the latter did [not] supply—yet—so went ahead [and] built it.

First machine in the w[orld] to be installed was for Wilts County Council, where it performed for several mo[nths] without downtime. So far a[s is] known this is the only eq[uip]ment which will take any f[orm] of microfilm and enlarge [the] image up to AO size, tha[t is] 33⅛ x 46¾ inches. Ples[sey,] Courtaulds and Lucas are o[ther] customers for this machine [and] foreign orders so far have [come] to £½m.

Imtec is enjoying an ex[port] bonanza at the moment [and,] helped by a marketing ag[ree]ment with NCR for certain o[ver]seas areas, has seen its s[ales] pass the £2m. mark in a b[rief] period of time.

Meanwhile, the decline [of] sterling is creating problems [for] the traditional operators in [this] area of technology since m[any] of them still import a la[rge] proportion of the compone[nts] which go into the machines. [To] some extent this must b[enefit] home-grown products.

One development which [may] bring microfilming right d[own] to ordinary office level, wh[ere] it will really take off, is [the] Micle 1200 from Bell [and] Howell. This is a copier, with the difference that d[ocu]ments go in at one end [and a] 16mm microfilm strip, dry [and] ready to use comes out at [the] other, ready for insertion i[nto] their jackets. No plumbing [and] only a 13-amp plug are requi[red] and anyone can run the unit [to] film 50 documents a minute.

Ted Schoet[ers]

Eliminating the paper chase

THE COMPUTER was supposed to have brought us the paperless office. But instead the new electronic age has spawned computer printouts that are measured in tons rather than sheets, creating problems of filing, availability of space, and escalating costs of paper. Fortunately, the technology already existed for a system of reducing all these headaches. By compressing the data onto microfilm, *less space would be needed and* less material for the same data. Moreover, diazo film, on which copies of microfilm data can be produced, is thus relatively cheap. Most important of all, retrieval of information can be made easier by using microfilm techniques.

This is particularly true for industrial and service operations where thousands of spares have to be held. Stock records are vital in any business and doubly so when customers need to be kept constantly in touch about supplies. The use of catalogues is one area where a specialised microfilm technique using the computer has proved to be of great value.

The advantage of microfiche over paper is not always savings in space, which can be dramatic, *but savings in production* costs, too. The photographic mastering of one microfiche from 98 conventional pages of print could cost about £5. Thereafter copies on a run of only one to five cost about 21p each, falling to only 9½p on a run of 501 copies or more. This may represent only one quarter of the cost of a conventional printing run of 500 copies using 98 pages of paper.

Over the past few years, the use of microfiche and especially Computer Output Microfilm (COM) has become popular in Britain to convert paper catalogues into microfiche sheets. For one thing, the cost of regular dissemination of the updated material through the post is much less than sending bulky paper catalogues.

The motor companies were among the first users of this technique. British Leyland, for example, has converted its parts catalogues onto microfiche, although it still retains fast moving parts like filters or fan belts in the normal way. There are about 350,000 spare parts on its various models of cars and commercial vehicles and *these* are updated for current models every quarter on only 14 microfiche. For models that are out of production, there is a final update after 12 or 24 months.

Microfiche is used as part of the service organisation in recording the names and details of the 350,000 car and vehicle owners that qualify under BL's second year warranty, part of its Supercover deal. Similarly, Volvo has been using microfilm techniques to update their catalogues since 1971 and there are over 2,000 readers throughout its worldwide network of agents. Microfilm catalogues for car parts are updated four times a year, and three times a year for commercial vehicles.

Since aircraft use as many parts as cars, it is not surprising to find that the RAF has developed its own system of COM. Before COM, the RAF equipment catalogue consisted of 2,500 copies of the document of over 11,000 pages. Thus there are over 28m. pages in circulation. The average page life was less than one year and it was not uncommon to issue over 30m. amendments in one year. But the time taken to prepare amendments was no less than seven months. Every holder of the catalogue received about 1,000 pages of amendments each month—a task that added up to 300,000 man hours a year, or work for 200 staff.

By putting the catalogue onto COM and issuing amendments on fiche, the RAF improved the speed of publication from seven months to one month. There was also a financial saving of over £30,000 per year plus the work of up to 200 staff.

The hard copy, output task involves the production of some 20,000 frames of 16 mm roll microfilm each day, using some 12 different formats which are despatched to some 300 addresses from a potential list of 12,000.

Merely to save paper costs on up to 1m. sheets of computer stationery a month, Westland Aircraft went on to microfilm for a number of applications. On a subsidiary's routing file alone, the outcome was that the 30 feet of shelving for paper storage was reduced to one small file containing 40 fiche, and some 25 hours filing time was saved each week. The group eventually identified 60 jobs suitable for COM conversion representing an annual paper bill of £28,000.

But it is not just cost saving that is at issue. Improved data retrieval can be sufficient motivation. At Broadgreen Hospital in Liverpool 24,000 patients records were kept at hand while another 80,000 were stored in a nearby storeroom. Dormant files were moved out to a nearby hospital 1½ miles away because of lack of space. But when doctors got impatient at the length of time it took to retrieve a file, it was decided to microfilm all dormant records plus new records a year after a patient's last attendance.

Files that used to occupy 120 feet of shelving were condensed to 28 inches of drawer space. When a patient re-attends for treatment, the fact that the master index card is stamped "microfiche" makes it immediately obvious to a record clerk that the documents have been microfilmed.

Roy Levine

IBM waits in the wings

THERE IS no doubt that computer output on microfilm has arrived and will continue to expand. Even with the difficulty of predicting just how many more users there will be by the end of the decade, it appears that COM is now expanding at such a rate that usage will have trebled by then.

But another factor must be considered and this is the extent to which specialist bureaux are providing a fast service for those users who either cannot or will not go to the expense of a complete COM unit. The bureaux have been expanding very quickly and adding a lot of new equipment to their existing facilities. The fast growth is particularly marked in the case of the subsidiary of National Westminster Bank known as Eurocom which has opened a series of branch offices all over Britain and has taken the unprecedented step—that is for a service bureau of its type—of supporting the development of an ultra-simple film processing method. It is also presenting *its own range of three U.K.-built* microfilm viewers which have security options not normally found in such equipment at the Microforum '76 Exhibition and Conference.

Its nine competitors in the bureau field have not been standing still, however, and *exemplify a significant development* in computer output capture that began a couple of years ago in the U.S. This is the gradual displacement of slave COM recorders by COM machines which have their own small integrated computer to make them capable of coping with a variety of input tapes and turning out work to almost any pattern without imposing any extra burden on the users' own computers.

Between them, the ten major bureaux providing COM as their service or part of it have in the past several months installed 13 intelligent recorders against a total of 17 slave units, some of which had been in use for quite a long time. Of the 13, ten are from the originator of the technique — Datagraphix — and one from a relative newcomer to this hotly contested arena — Calcomp.

If further proof were necessary that *the market has taken* off it must lie in the fact that in the last 2½ years Datagraphix has sold almost as many intelligent COM machines as all their production in the preceding 15 years of all types of equipment of this kind.

This company is, of course, not the only manufacturer to provide machines with their own small computer. Calcomp has done it and Bell and Howell, which took over the Pertec range, is showing its 3800 at *Microforum.*

Recently, Barclays Bank took the decision to go over to COM in a major way, buying nine KOM-80 recorders from Kodak and as many as 5,000 viewers from Micro Displays (Cray Electronics). This £1½m. project is probably the biggest *undertaken in Europe* so far and the figure represents only the hardware costs. Systems, software and training could add as much again. The idea is to replace paper as far as possible and, in particular, for the handling of customer's accounts.

Tapes

But at the low-cost end where NCR has been beavering away with its quantor 105, a design taken over with its U.S. promoters some time ago; there is fresh competition—again from Datagraphix — and with a compact unit it has called "Auto-COM."

It can work from output tapes produced by almost any computer and is so highly automated that any competent office worker can produce fiche under the guidance of the machine. With it goes a simple fiche duplicator to provide, with a viewer, all a small business needs to place the whole of its record and operational side on a footing which requires the minimum of paper and document handling.

It is only in the past two to three years of serious economic stringency that management conversant with data processing has begun to take a close look at software costs. Yet still people are running into severe difficulties because they unjustifiably imagined there was no more to data processing than installing equipment.

There is a great deal of activity in the market on the *part of the suppliers named so* far. A few years ago there were at least 12, selling some 20 machines. But COM is not an easy market, particularly as development costs increase with technology changes and, as indicated above, the software entry fee soars. Thus pressure on the market from several quarters has been reduced, perhaps pending the arrival of IBM.

About two months ago, the latter announced from Yorktown Heights that it had developed its own method of writing tiny symbols directly on to film, using a laser beam. Datagraph and 3M already have their own laser processors but have not actively marketed them for a number of reasons, one apparently being that character definition is not as sharp as with electron-beam and film.

But the IBM process seems to be simpler and faster and relies on laser heating of a dye-coated Mylar film to transfer tiny specks of the dye to a second film. This laser is steered by mirrors to produce dot patterns within cells five dots wide by seven high and down to sizes as small as one-fiftieth of an average typewriter character.

IBM itself has underlined that this is a one-step process that, in contrast with conventional microfilming techniques, cuts out the use of expensive silver halides, as well as chemical and thermal treatments to develop the microfilm. A clearer warning to COM equipment builders and to suppliers of the film for COM recorders could hardly be enunciated.

Computer users will remember how long IBM remained on the sidelines when a number of builders of key-to-tape and key-to-disc units were fighting for a small portion of the data capture market against a huge installed base of key punch and verifier units. Observers predicted then that IBM would begin to move as soon as key-to-disc had won 10 per cent. of the input market. The question hanging over COM producers is at what percentage of the output market they take will IBM introduce its own COM recorders?

Ted Schoeters

TWENTY YEARS AFTER THE REVOLT

Sullen consensus in Hungary

BY PAUL LENDVAI, VIENNA CORRESPONDENT

President Ford's embarrassing slip about Eastern Europe lends poignancy to the 20th anniversary of the Hungarian uprising, the most dramatic attempt by an East European nation since 1945 to shake off Soviet domination. Encouraged by Western sympathy, Hungarians on October 23, 1956 organised a demonstration which by night-fall had grown into an armed uprising. When their Stalinist rulers called for help from Soviet troops the revolt became a national uprising against Soviet rule.

Within days the Communist regime fell apart. On October 30 Premier Imre Nagy, a revisionist Communist swept to power by the uprising, announced the liquidation of the one-party system and set up a coalition Government with representatives of the resurrected bourgeois-peasant parties and the Socialists. Two days later the revolutionary Government left the Warsaw Pact, and proclaimed Hungary's eternal neutrality. The Soviet leadership opted for all-out intervention.

Simultaneously with the formation of a counter-Government by Mr. Janos Kadar, who a couple of days earlier had disappeared from the Parliament building, Soviet tanks on November 4 invaded Budapest.

The uprising was crushed. Over 3,000 Hungarians were killed and about 20,000 wounded. Soviet losses have never been divulged. Some 193,000 Hungarians fled and only 30,000 had gone back by the end of 1957.

For the consolidation of the regained Communist power in Hungary, popular disappointment with the West provided the single most important basis. In retrospect, the profound disenchantment with the West and the feeling of being left alone contributed greatly to the surprisingly quick "normalisation."

To-day, 20 years later, Hungary is regarded both in the West and the East as the most tolerable Soviet Bloc country where a policy of "live and let live" has produced modest affluence and an atmosphere of relative permissiveness, still unparalleled in Eastern Europe, except of course for non-aligned Yugoslavia. In 1956 Mr. Kadar was the most hated Communist leader in Eastern Europe. To-day he may well be the only popular party chief there.

Before looking at the reasons for this change of the foreign and domestic attitudes to the Hungarian regime, it is important to remember what has not changed during the past two decades. Soviet troops are still "provisionally" stationed in Hungary and there is no prospect whatsoever of their early departure. The West agreed at the Mutual Force Reduction talks in Vienna three years ago to exclude Hungary from the zone of possible force troop cuts in Central Europe.

Budapest street scene, October, 1956

The 10½m. Hungarians have remained under a single party dictatorship with no hope of a real democratisation of decision-making. Mass media are firmly controlled by the party, and as far as the apparatus of coercion is concerned, Mr. Kadar's Hungary does not differ from the other Communist-ruled countries. Yet at the same time he and his middle-of-the-road course enjoy genuine popular support. Compared with their own past and the current situation, say, in Romania, Poland, or Czechoslovakia, Hungarians feel not without reason that they have profited most from the past 20 years.

In 1957 there were only some 4,000 cars on the road. To-day their number surpasses 500,000; it has doubled in five years. Two in three households have a refrigerator, washing machine, and television set.

The question is always of course what yardstick one takes to measure the progress. Compared with neighbouring, democratic and neutral Austria with a mixed economy, for example, the Hungarians, according to their own sources, are ten to 15 years behind. Productivity in Austrian industry is 50 per cent. higher than in Hungary.

Economic reforms in 1968 were designed to put the economy on a self-supporting basis, through a radical revamping of the price and wage system and the entire management of the economy. The reformers wanted to achieve an optimal combination of plan and market. As a result of the encouragement given to private initiative, agriculture has become a showpiece in eastern Europe. The country has once again become a net exporter of grain, and farm output was rising at an annual rate of 4.6 per cent. in 1971-75.

Despite a halving of the labour force, agricultural production has risen by 83 per cent. since 1950. The prosperity of the peasants and the conspicuous consumption of the private entrepreneurs, free professions and the managerial-technical strata, however, engendered sharpening social conflicts in a society supposedly on its way to a classless millenium.

It was the combination of attacks and intrigues by dogmatists and "conservative" functionaries as well as pressures from Moscow which led to the fall of some of the foremost reformists in early 1974. However the 2½ years that have passed since the leadership reshuffle have provided convincing proof that the temporary "victors" had no alternative concept. The threats uttered against too prosperous farmers and retroactive tax increases exacerbated the effects of this year's drought. There was a dearth of fresh vegetables and fruit this year.

With amazing speed, the party leadership returned to the policy launched by the reformers. It became painfully evident that the anti-reform measures had backfired. The same was true of import restrictions imposed this year. The disappearance of Scotch whisky, German soap and Italian baby nappies may have pleased some simple party secretaries, but the small savings made bore no relation to the political and psychological damage done by reminding people of the restrictions of the 1950s.

To-day every second Hungarian is under 30. They are accustomed to the small freedoms and luxuries gained since 1956. The revolutionary upheaval appears to them as distant history. Therein lies the strength and weakness of the regime. With the passage of time, the new generation no longer compare its life with the Stalinist past but with the promises made by the regime. They expect more and not fewer opportunities for trips to the West for example. Because hard currency is short, Hungarians may travel to the West once in every three years only and are allotted a foreign exchange allowance of $174. Last year millions spent holidays in Yugoslavia and other Communist countries, but only a quarter of a million went to Western Europe. But it must also be recalled that from eastern Europe, only Poles may travel as freely to the West as do the Hungarians.

Only the future will show whether the tacit understanding between the ruling party and the vast non-Communist majority will survive the day when Mr. Kadar departs from the political scene. At 64, the erstwhile metal-worker is more firmly than ever in the saddle.

In the final analysis, however, the future will depend on what happens in the Kremlin. Along with the rest of eastern Europe, Hungary is subjected to a tightening political and economic integration into the Soviet bloc. As one of the current Budapest jokes puts it: "What is the biggest show in the world? Hungary. Why? Because the stage is in Budapest, but the prompter is in Moscow."

The Management Page

EDITED BY JOHN ELLIOTT

Questions of whether political patronage has taken precedence over a need for business experience are raised by Edward Short's appointment as chairman of Cable and Wireless. **Max Wilkinson** reports

A Labour leader in the boardroom

Mr. Ted Short, the new chairman of Cable and Wireless, against a background of the satellite communication aerial built by the company at Goonhilly, in Cornwall.

THE appointment of Mr. Edward Short, the Labour politician, to be the £9,080-a-year chairman of Cable and Wireless has met with considerable criticism among MPs and elsewhere. While controversial on political patronage grounds alone, the choice is even more *surprising because it seems to* conflict with a procedure laid down *by* the Government itself for choosing an ideal candidate.

His appointment, at the age of 62, as head of a profit-making company in the highly technical and competitive world of telecommunications led to 14 hostile Parliamentary questions being tabled last week. These *signify a good deal more than* the view halloo of an Opposition scenting political patronage.

There is also the worry that whatever his political competence, Mr. Short has the wrong background for taking charge of one of the few nationally owned enterprises to be commercially successful as well as a substantial earner of foreign exchange.

When Mr. Short stops being an MP and gives up the deputy leadership of the Labour Party at the end of the month he will have spent 22 years in Parliament. *Earlier, he was leader* of Newcastle City Council, headmaster of a Blyth secondary modern school, and a wartime captain in the Durham Light Infantry. Apart from a spell as Postmaster General ten years ago, Mr. Short has had very little contact with the commercial world over which he will now preside.

He was *offered the job at* Easter as part of a bargain with Mr. James Callaghan, who had just become Prime Minister. Mr. Short left the Cabinet and agreed to step down as deputy leader of the party: but the announcement of his new post was kept secret until ten days ago.

It was particularly ironic, therefore, that the Select Committee on Nationalised Industries should have published its report on Cable and Wireless—including a passage dealing with the selection of its chairman—while the announcement was pending.

The committee's report, based *on evidence from the Department* of Industry, says: "The method of selection starts with a specification (written by the Department in consultation with the then chairman) of the sort of man required for the job. . . .

Great and good

"Thereafter, Departmental *practice is to consult the list* of the great and the good or possibly to ask consultants to take on the task of finding a suitable candidate, though this has not been done in the case of Cable and Wireless. *The last* two chairmen have been former high-ranking Post Office officials with considerable experience in the telecommunications field. And the Department would clearly be looking for people who would bring a great deal of experience in the kinds of fields in which Cable and Wireless are operating."

Mr. Short will be expected to put in about three days a week for his salary of £9,080 a year and to travel all over the world visiting foreign Governments in the far-flung outposts of the company's empire.

He is *not* perturbed about his lack of technical know-how or business experience: "It is not an executive chairmanship: *there is an excellent managing* director who is in charge of the day-to-day running of the company," he says. "One of the past chairmen has said that he saw the job as being involved with Governments in the countries where Cable and Wireless does business.

"This is how I see the job too. I shall also be working out general policy as chairman of the Board of directors, which is called a court in this company.

"When I was at the Post Office I had quite a lot to do with the telecommunications side, and I actually appointed one of the previous chairmen. I have a *nodding acquaintance* with the technical side, and to the best of my ability I will be getting a good deal further into the subject."

Mr. Short's immediate task *will be to arrange trips to the* Carribean, the Arabian Gulf and the Far East to meet some of the 10,000 staff which Cable and Wireless employs throughout the world. Inevitably, he *will* have to combat anxiety and suspicion from senior engineers who are unlikely to welcome a political appointment to the chairmanship.

The main reason is that the company is now poised critically between its traditional concessionary business for foreign governments, many of them former Commonwealth countries, and expansion into new fields in the competitive open market. It is expected that governments will sooner or later want to take over the running of their own communications services so, largely *for political* reasons, Cable and Wireless may be eased out.

Since telecommunications is intertwined with politics, it is thought to be inevitable that these Governments will decide eventually to "run their own show" as the British Government did in 1949, when Cable *and Wireless was nationalised.*

The company has therefore put in enormous efforts over the years to appear as politically neutral as possible; to emphasise its technical service and to minimise the effects of public ownership. It is also transforming itself into a modern commercial outfit from the old civil service style of management. The present chairman, Mr. Peter Lillicrap, is very much a technocrat—a farmer engineer who became a senior Post Office official in charge of telecommunications. He was eminently qualified to be a front man who would, if necessary, keep the British Government at arms' length.

It is therefore exactly in the political field where he has most experience, that Mr. Short's background could prove to be most embarrassing. In general, the company accepts the ultimate control of the Government *which exercises* supervision over its planning and accounts.

But Mr. Lillicrap significantly told the Select Committee: "Perhaps *the one point at which* we might feel in a somewhat different position from some of the other public bodies is in relation to any direction by the Minister, whether of a general or specific kind which appeared to conflict with our duties to the Governments from which we hold concessions overseas. I think that there we would be arguing that the direction was contrary to the interests of the company and perhaps of the national interest."

Politician

Whether an experienced politician like Mr. Short will be better equipped than a former civil servant to deal with potential conflicts of this sort, is obviously an open question. It is one which is at the heart of any debate about the running of nationally-owned corporations.

It is not even just a question of whether Mr. Short will be good at the job; and it must be said he had a reputation of being an efficient, though not a sparkling minister. He is hard working, reads widely, and in spite of *his austere and for*bidding manner, he is always courteous and often a very kindly man. The crucial issue, however, has less to do with his *personal qualities than whether* foreign governments will see Cable and Wireless in political or in purely technical terms when reviewing their concessions.

This will be a particularly important factor when the new chairman meets overseas Heads of State. But there will be other problems of being an "outsider." A great deal of Mr. Short's duties will be conducted in the panelled dining suite at the top of Mercury House in London, where telecommunications experts from all over the world are sumptuously entertained, and where the small talk is interweaved with technical jargon.

Mr. Short will, however, find one enormous advantage in his new job, for unlike most nationalised industry chairmen he will be taking over a business which is highly profitable. One of his first tasks will be to drive in the company's Daimler to the Department of Industry to announce a 50 per cent. increase in profits for the current year. He will be able to tell Mr. Varley (Mr. Short's junior when he was *Chief Whip,* and now his boss) that the return on capital is 23 per cent., and foreign exchange earnings a record £40m.

Furthermore, the outlook is for sustained growth as the *importance of telecommunica*tions expands throughout the world. However, his talks with the Government will not all be polite congratulations, for Mr. Short is already worried about the low level of salaries being paid to the company's directors.

These salaries are fixed by the Boyle Committee on top people's pay and have already sunk far below the rates paid in private industry. Cable and Wireless recently found they were unable to attract a marketing director at the salary offered. So they were forced to create a junior position where they were allowed to pay more.

Mr. Short says: "I realise there are problems with the incomes policy but there are acute problems of paying senior people enough in nationalised industries. In many cases people are only staying out of sheer dedication and there is a danger in future that we will have to employ less than first-rate people at the top."

Nicholas Leslie explains why Rolex sticks to its principles in shunning new watch technology

A traditional stand against the digital craze

AFTER MORE than half a century without competition the familiar mechanical wristwatch is now under attack from digital models which have been taken up by manufacturers at *a stampede rate.*

Makers of electronic calculators—such as Rockwell International in the U.S. and Sinclair Radionics in the U.K.—have adapted their inbuilt technological expertise to the market and are challenging traditional watch brands in the race for public acceptance of the new product which shows the time in *digital form rather than by* hands on a dial. One result has been a price war, with retail prices falling rapidly over the past year or so.

One contestant missing from this race however is Rolex, the Swiss watch manufacturer known particularly for its Oyster watches—so named because of the way its watch casings are made. Rolex makes only high priced watches—nothing under £130 in the U.K., for example—and makes great play about the qualities of its products, especially their accuracy and their ability to withstand extreme climatic conditions.

Cynicism

Many Swiss watch manufacturers showed an initial cynicism about how long digitals would remain in public favour, but have subsequently altered their views. The extent of the revolution in the trade is difficult to assess since such statistics as are available are not wholly consistent with one another. But the Swiss watch industry has forecast that by 1985 unit sales worldwide of all watches will reach 300m., with one-third being digitals, *one-third mechanical, and the* remainder being another type of watch known as the quartz analogue which incorporates some of the facets of digitals but retains the traditional watch face.

Rolex, however, has tended to remain cynical and puts forward reasons why it reckons that digitals are not compatible *with the quality image it asso*ciates with its name.

Mr. Andre Heiniger, managing director of Rolex, maintains that the company has established its reputation on quality. *Certainly this is the image that* it has endeavoured to create as a manufacturer and it seeks to have the image confirmed by Rolex users. While frequently expounding the technical qualities of the oyster watch—that it is waterproof, shockproof, dustproof and retains a *high degree of accuracy—it also* enlists the support of people like Sir Peter Scott, the naturalist, and other well-known figures to give their own testimonials on the watches they wear.

The company's structure, both within Switzerland and around the world, is also designed to foster this image through a high degree of central control over all aspects of manufacture and marketing. To start with, unlike many other watchmakers, it makes a *very high percentage of its own* components with only such items as faces and hands being bought in. The more common pattern is for parts to be made by many different manufacturers.

Rolex has 18 subsidiaries around the world which form service centres manned by personnel trained in Switzerland. These subsidiaries have a high degree of autonomy so far as pricing policies in local markets are concerned but are closely monitored from the headquarters in Geneva where Mr. Heiniger heads an executive team of seven people.

The executive functions cover advertising, marketing, technical and research activities, administration and finance, and this team is responsible to a Board of directors who, with the exception of Mr. Heiniger, are non-executive. The company *is owned by the Hans Wilsdorf* Foundation (it was the late Hans Wilsdorf who founded Rolex) which has trustees to administer it but who leave the running of the watch business to the Board of directors.

Mr. Heiniger likes to give the impression that Rolex considers itself to be something apart from the watch industry and more of a company making a high quality precision product which happens to be a wrist watch. Certainly this explains the rationale behind his reason for not being in the digital *watch business at present.*

He argues that, had digital watches (with their need for batteries) been the standard model for the past 50 years and it had been mechanical automatic watches which were now coming on to the market, "that would have been progress."

While Rolex has produced experimental quartz analogue watches, Mr. Heiniger is sceptical about the reliability of electronic digitals. This does not mean that Rolex *will never produce a watch of* this type and there are strong indications that it is undertaking research in this area. But it would be surprising to see any Rolex digital watch unless its accuracy could match existing ranges and it did not need a battery.

How much this way of thinking has affected the company over the past year or two is not possible to tell. Rolex is a private company and in Switzerland that means that it does not have to publish any financial results. Mr. Heiniger says that sales in the past five years have risen by 100 per cent. but then admits that it has not escaped the recession in the last year or two.

The Swiss watch industry as a whole has been one of the main victims both of the world recession—the stability of Switzerland's currency has also worked against the country in terms of overseas trade—and *the advent of digitals.*

Trail-blazer

U.K. companies have not escaped either. Timex, itself once a trail-blazer with cheap mechanical watches, recently announced plans to lay off one-third of its 1,000-strong workforce at Washington, Newcastle, by December because of falling demand.

Rolex has not relied entirely on faith in its product to carry it through the recession. Mr. Heiniger says he saw the downturn coming before the end of 1973 and made plans to reduce production accordingly. They included the reduction of the workforce by about 10 per cent., although he reckons that a large part of this cutback would have happened anyway since new production techniques requiring less operatives were being *introduced to reduce costs.* "And we always keep production below demand," he says.

Only time will tell how accurately Rolex has read its *sector of the market, but it may* be significant to look at the trend among Japanese manufacturers at the lower end.

While they have gone heavily *into quartz crystal* watches they have concentrated more on the analogue watches and on a digital type with liquid crystal display (LCD). This gives a permanent display and also requires a battery and push-button movement associated with the currently more popular light emitting diode type. There have been indica*tions from the Japanese* that they expect the traditional watch face to show a resurgence eventually.

The Rolex belief in its technical expertise and innovation is behind an award scheme it *has just set up to mark the 50th* anniversary of the creation of its Oyster watch. Total prize money is Sw.Frs.250,000 (about £57,000) to be divided equally among three awards. These will be made in the areas of applied sciences and invention, involving any step forward in research in science and technology; exploration and discovery, *involving some example* of human endeavour; and finally the environment, to be for some project which improves or saves some aspect of the environment or animal wildlife. The three subjects were decided upon following a pooling of views of managers around the world and is open to contestants on a worldwide *basis.*

هكذا من الأصل

The Property Market

BY QUENTIN GUIRDHAM

Cluttons give a lead on values

Cluttons, valuers to the Save and Prosper Property Fund, have given the first public indication that property values have fallen in the wake of MLR. While there have been plenty of general estimates made, Cluttons took a good quality, moderately reversionary portfolio and marked it down by 10.7p to an offer price of 122.4p. Their feeling was that one had to allow for an upward move in yields of around ½ per cent. across the board.

This contrasts with Abbey Life (Cluttons again, but on the agricultural investments, with Richard Ellis doing the rest) where there was virtually no change, though anyway their mid-month valuations are not reckoned so significant as those at the start of each month. Hambro Life's bond (Jones, Lang, Wootton) has a valuation due to-day. It is not expected to move far. There is even one property bond, Cannon's, which has been upvalued in the past week. But that is not Debenham, Tewson and Chinnocks taking an eccentric view encompassing rising values; the change was due to a sale at above book value.

The property bond valuers are the ones currently on the spot. They must, to some extent, be working in the dark. At present, from almost all sources, one is told that the investment market is not so much falling—it is in limbo. There are plenty of arguments about at what prime yield rate it may resume. But at present few new obligations are being entered into and in many cases funds are pulling out from deals which had gone a long way toward completion. It is not yet even a panicky market. It is a non-market.

Such conditions prompt the question of whether, on the last stage the institutions stayed out of the market for a prolonged time, regular valuations—at least annually for property companies—would have been a stabilising factor. Many experts say that on balance, they cannot see how valuing the portfolios of a string of tottering companies would have helped to bring order to the market.

There are few reasons to suggest that the institutions will withdraw from the market for anything like as long this time as they did, apart from purchases from associated companies, in 1974.

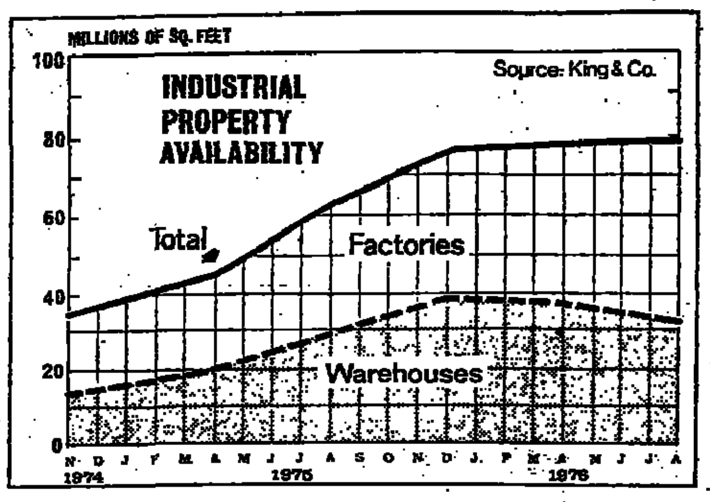
But in the latest brokers circular to analyse the possible implications of a rise in yields, de Zoete and Bevan calculate that a rise in prime investment yields from 5¼ per cent. to 7½ per cent. would imply a fall in values of 27 per cent. Such a movement would, they point out, merely be maintaining the existing yield gap when a rise in long-term interest rates from 14 per cent. to 16 per cent. implies a fall of 12.4 per cent. in long dated gilts.

However, valid such calculations appear, they surely throw too much emphasis on yield as the criteria for property investment. With pension funds in particular, the yields obtained during the early life of an investment have appeared to be of diminishing importance for several years now.

It may be no more than a few weeks before a new pattern of yields is established. But until then the valuers, with an absence of comparables, may be largely making history rather than reporting it.

Fewer empty warehouses,

King and Co's. floorspace survey, the only relatively up to date attempt to monitor industrial floorspace availability, may be seen, as one starting point, against the unemployment figures for the months concerned—1.23m. in April this year and 1.31m. in August. In the same period the total of the King survey for factory and warehouse space has edged up from 77.3m. square feet vacant to 78.8m. square feet, a negligible increase which indicates that from sometime last autumn there has been little change. In August 1975 the total of empty space was slightly above 60m. square feet. By December it had reached a plateau at a little below 80m. square feet and has stuck there.



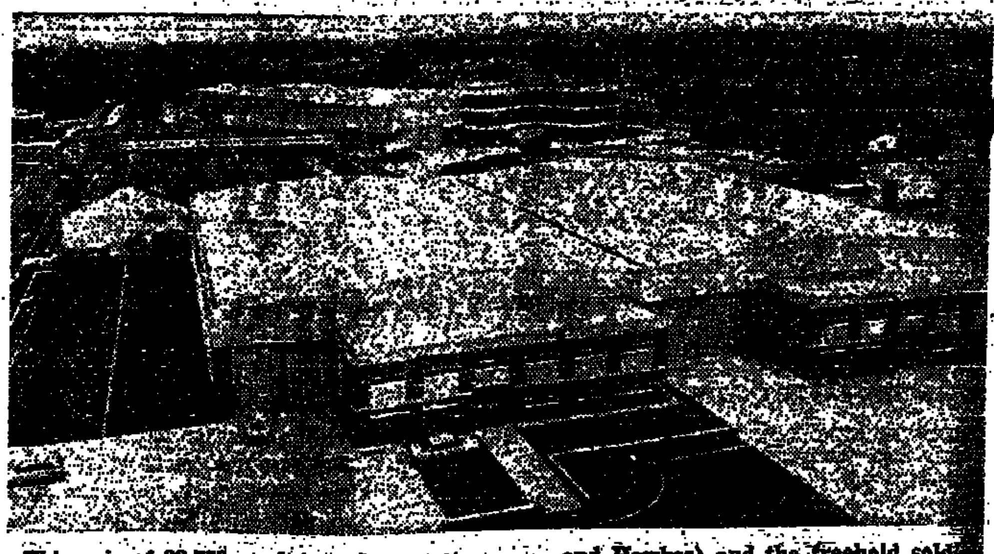
But this stability only concerns the overall total for industrial space. The amount of empty factories has gone on climbing, and during the summer moved up over 5½m. square feet, 3m. square feet of this coming from London and the Home Counties. In contrast, the amount of empty warehouses has, for the first time in two years, dropped. Nearly 4½m. square feet has been knocked off the warehouse total. That is the first significant improvement shown on the King survey since the start of the recession.

The firm comments that the reduction in warehouse space was anticipated by agency department reports over the past few months. They think there is increased confidence in inquiries and action by developers. If sustained, there should be "considerably more new warehouse space in the pipeline" to show up in the next survey. "There has been an improved demand for industrial land and a number of recognised developers are now working on new schemes."

King does not divide its section for buildings under construction and ready for occupation in six months into separate factory and warehouse categories and, of course, this would be hard to do with the volume of multi-purpose buildings. But the increased activity certainly has not shown up in its survey yet, the total space being built dropping from 4.2m. square feet in April to 3.8m. square feet in August.

But this seems quite in line with the time schedule for most of the larger speculative schemes announced lately. The developers are looking for an upsurge in demand next spring and summer. On the evidence of most industrial investment forecasts, they are not going to be too late. Indeed there is nothing in the present scene which suggests a recovery sharp enough to create shortages and push up rents. Developers, who in most cases need some increase from present market rents to justify their schemes, must hope that tradition is followed and that there continues to be less resistance to rising rents on new industrial premises than there is on offices.

It is still a very mixed picture, and King's say that the factory position is worse than they anticipated. But at least the take-up of warehouses is the first positive improvement shown by this survey since 1974. Trouble is, they are probably full of imports.



This pair of 22,750 sq. ft. warehouses at St. Albans was developed by the Finlinson Group. Boosey and Hawkes took the one on the left for its Hammond Organs (U.K.) subsidiary for use as the head office and distribution depot. A rent close to £2 a sq. ft. was agreed (Vigers acting for Boosey and Hawkes) and the freehold sold to clients of Cluttons for £565,000. The freehold of the adjoining building ... sold to Grosvenor Chater and Co. an... be occupied, again, as a head office ... the company's North London paper distribution depot.

Common standards call

Talking of Europe, Jeffrey Sterling remarked at the Town and City Properties annual meeting this week that "I don't think the British property developer ever had much chance." In T and C's case, he thought they had been "rather fortunate" to extract themselves to the extent they had. Edward Erdman, speaking at the FIABCI Common Market Study Day yesterday, took a less gloomy view: "Despite general trade depression and certain failures there is clear evidence to be seen that several British property companies have made a valuable and successful contribution to commercial development in many Continental cities."

But Erdman's main theme was on promoting better understanding of varying national property practices within the EEC. Uniformity on all facets of real estate procedure was not possible at present, he said. But he singled out the following to be worked on.

Stamp Duties and Transfer (or Registration) Taxes might be brought more into line. He quoted as examples the British rate of 2 per cent., Holland's 5 per cent., West Germany's 7 per cent., Belgium's 14 per cent. (including notary's fees) and France's 16.6 per cent.

Measurement of buildings should be unified or, if that was not possible, methods of measurement could at least be clarified. He quoted the common Belgian practice of taking in half the width of the external walls and including all landings and toilets.

Thirdly, Erdman suggested that clear definitions were necessary for the method of calculation used to arrive at net percentage yields on investments.

The Australian buyer

Town and City would not reveal the name of the institution paying £29m. for just under half the group's Australian portfolio, the reason being that negotiations, at the time of the annual meeting on Tuesday, had not progressed beyond the letter of intent stage. But James Forth, reporting from Sydney, reports on the buyer, who among other things is getting some very good regional shopping centres, including Marion outside Adelaide, which Town and City pioneered in Australia. He writes:

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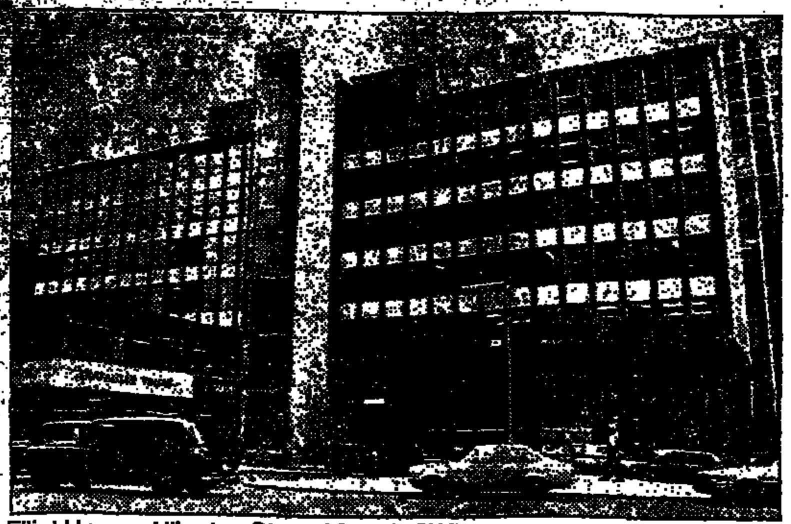

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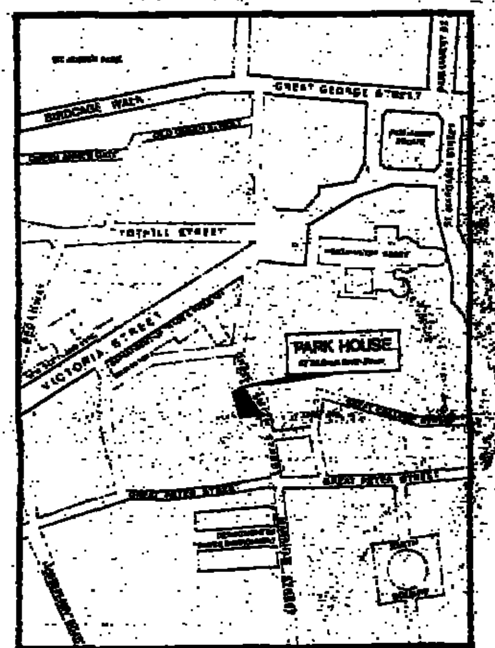

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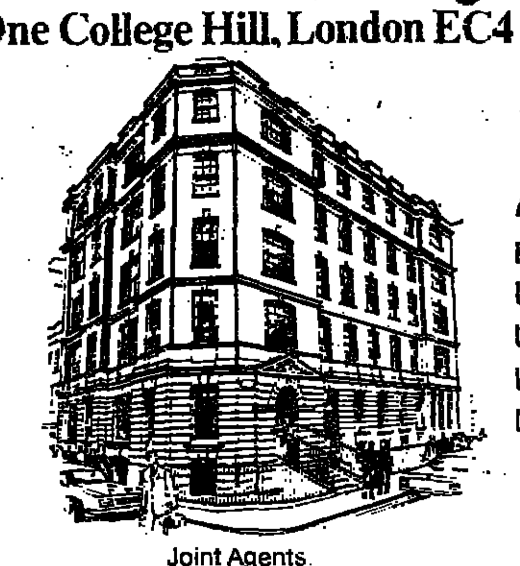

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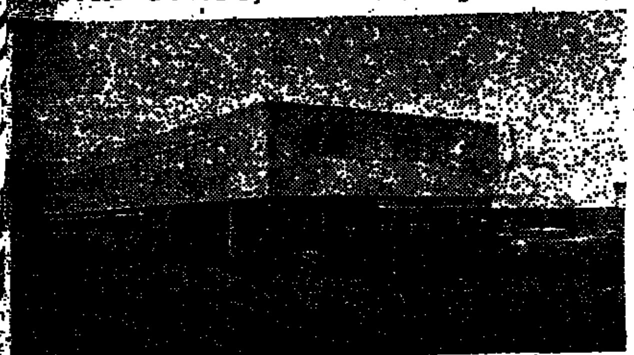

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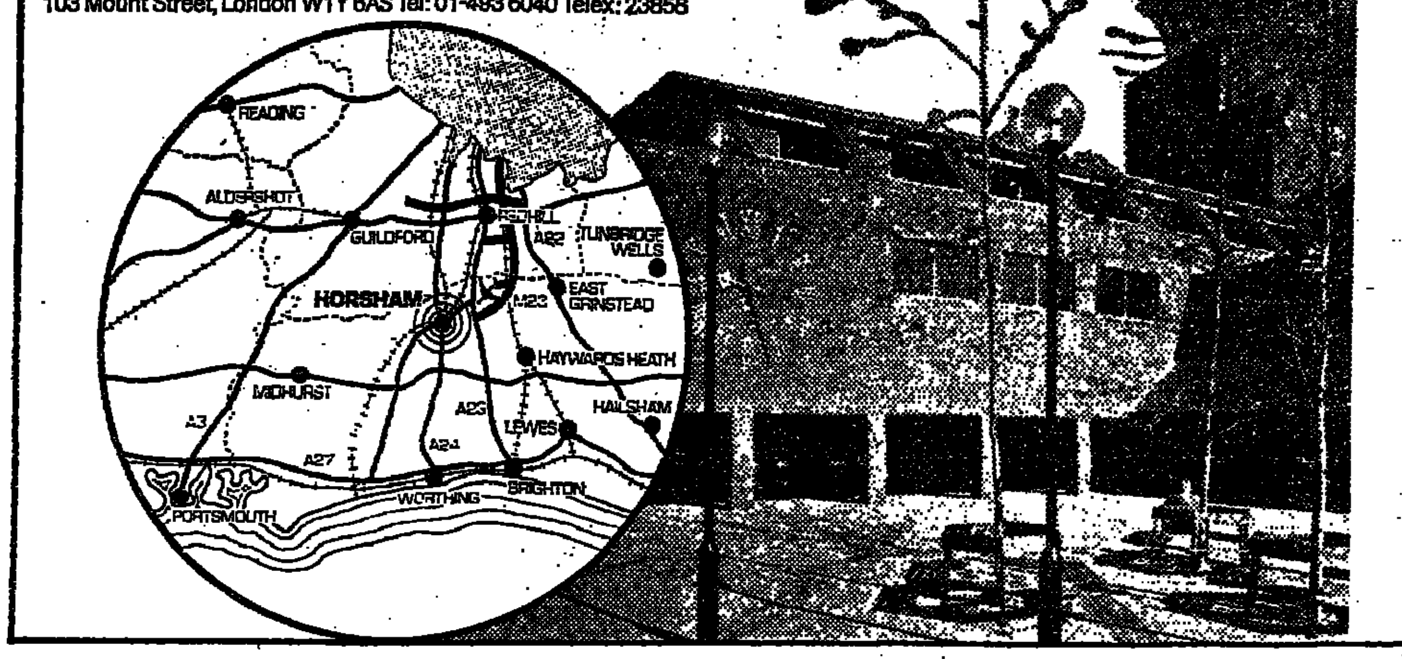

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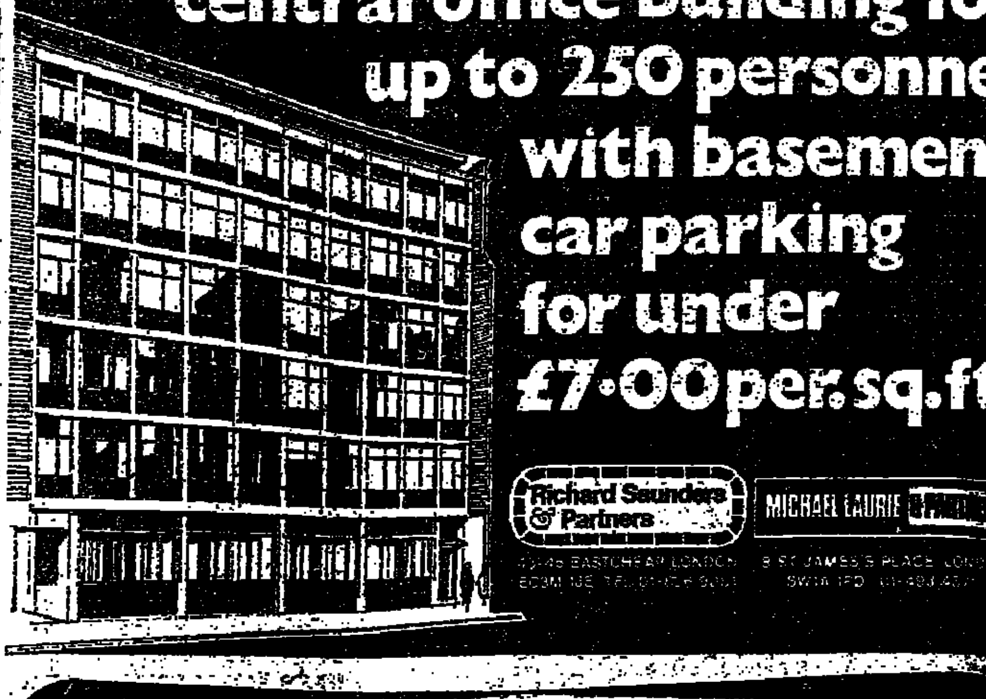

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HOME NEWS

Give Scots 30% of oil cash, says rebel party

REVENUE FROM North Sea oil licences should be split between Scotland and the rest of the U.K., with 30 per cent. going to the Scottish Assembly, the breakaway Scottish Labour Party said yesterday.

In a draft discussion paper, a working party said that the Assembly should be involved in all future participation negotiations with the oil companies.

A joint Board should be set up by the Assembly and the Westminster Parliament to handle future licencing rounds and the future allocation of revenue.

"Scotland's share is put at 30 per cent., because of the higher level of deprivation found in Scotland and to allow for the fact that it is Scotland which will bear the brunt of the ecological damage caused by oil exploration," said the report.

Other demands in the report, launched in Glasgow, are for Scottish sovereignty within the EEC, wider powers for the Assembly (including the power to raise taxes) than those proposed in the Government's Devolution Bill.

The assembly should be elected by proportional representation for a fixed term of four years and should be run on a committee system. After the first session, there should be no dual membership of the Assembly and the Commons.

Footwear industry may seek Industry Act aid

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE FOOTWEAR industry may seek Government aid under the Industry Act to help it meet foreign competition.

Proposals for wide-ranging measures, such as those introduced under the wool textile scheme, are likely to be made by the Footwear Study Steering Group—a tripartite body representing management, unions and the Department of Industry.

The group, set up by the Government to work out a strategy for the survival of the industry, which has been hit by falling demand and an upsurge in imports—is scheduled to report in December.

Mr. George Marriott, the chairman, said that a separate submission for aid was likely to be made under Section 8 of the Industry Act.

The British Shoe Corporation has now delivered a lengthy report to the Industry Department, rejecting allegations that it held a monopoly position in fashion footwear detrimental to the industry.

The Economists' Advisory Group of management consultants, in a report commissioned by the department, recommended that Sir Charles Clore's chain of nearly 2,000 retail outlets be broken up into six separate groups.

A sub-committee of the steering group will consider British Shoes comment at a specially convened meeting on November 4.

The investigation by the Office of Fair Trading into whether the corporation should be referred to the Monopolies Commission is unlikely to be concluded this year.

Education groups praise debate call by Callaghan

TWO POWERFUL groups in the education world—the Council for Local Education Authorities (CLEA) and the Committee of Directors of Polytechnics—yesterday welcomed the Prime Minister's call for a national debate on education.

CLEA, which represent all local education authorities in England and Wales, is to meet Mrs. Shirley Williams, the Education Secretary, early next month. In a statement yesterday, it sharply makes the point that it looks forward to being brought into full consultation by the Government.

Much of the educational world, particularly the unions, are still smarting under the fact that the secret critical document on education, sent by the Department of Education and Science to Mr. Callaghan—has still not been released—and was drawn up without any consultation with the unions.

CLEA also states that in the last ten years schools have had to accommodate an extra 2m. children, and during that time the proportion of school leavers achieving some success in a public examination has doubled to about 80 per cent.

In its talks with Mrs. Williams it intends to emphasise that the local authority associations must be involved, together with the teachers and other interested parties, in the discussions which will follow the Prime Minister's speech.

Dr. Arthur Suddaby, chairman of the Committee of Directors of Polytechnics, said in a statement to-day that the directors of the 30 polytechnics involved believed there is a need to find ways of attracting the most able young people into manufacturing industry.

The failure to do so, says Dr. Suddaby, also of the City of London Polytechnic, relates to the lack of esteem which attaches to careers in design and manufacture compared with careers in scholarship, research and public administration.

Cash for film projects is limited

BY ARTHUR SANDLES

INDEPENDENT British film makers have been told by the National Film Finance Corporation, which recently received an additional £2.373m., that they still cannot expect full grants to make pictures. The Corporation is to stick to its policy of taking a part-interest in projects.

Although the Corporation was set up to stimulate the domestic industry its recent money problems have forced it into an increasingly commercial stance. Its latest annual report shows a loss for the year of £331,659, of which £329,447 was interest on advances from the Department of Trade.

Sir John Terry, managing director, said that it had been forced to reject a plea from the Association of Independent Producers for the corporation to back the entire cost of a programme of "characteristically British films."

"We are prepared on suitable occasions to depart from our general rule of requiring a film distributor to provide a substantial part of the budget finance. In other words, the Corporation will continue to consider each project on its merits."

State-backed emergency dental clinics urged

BY DONALD MACLEAN

AN EMERGENCY dental service, sponsored by the Government, has been called for by the British Dental Association.

The service should be based on public clinics with dentists attending on a rota system and receiving a sessional payment, the association says.

The Government agreed in 1974 to pilot schemes, but progress has been halted "by the refusal of the Department of Health and Social Security to consider reasonable payment for dentists taking part."

The Department had insisted on a rate of £11.50 for a three-hour session, which was less in terms of hourly net pay than that agreed by the Government for contractor dentists working in conventional surgery hours, the Association said.

Matsushita recruits

MATSUSHITA ELECTRIC is to recruit more staff for its new factory at Pentwyn, Cardiff. The company has started making colour televisions, and says it will take on 120 employees in the next few weeks. There is the likelihood of more jobs in February next year.

APPOINTMENTS

LEGAL NOTICES

No. 003428 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of RAVEN SKIRTS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 14th day of October 1976, presented to the said Court by HAWICK JERSEY INTERNATIONAL LIMITED, whose registered office is at International House, 184-192, Drummond Street, London, N.W.1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 15th day of November 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

PAISNER & CO.,
44 Bedford Square,
London WC1B 3DU.
Ref: 11.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 12th day of November 1976.

No. 003472 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of WEST HARROW PLANT LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 19th day of October 1976, presented to the said Court by MIXCONCRETE LIMITED whose Registered Office is at Mixconcrete House, Little Billing, Northampton, creditors of the above-named Company, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 22nd day of November 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

E. P. RUGG & CO.,
6 Henrietta Street,
London, W.C.2.
Ref: GR.
Tel. 01-836 3434.
Agents for:
DENNIS FAULKNER AND ALSOP,
Northampton.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 19th day of November 1976.

No. 003421 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of IKE'S GROCERS & FRUITERERS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 13th day of October 1976, presented to the said Court by W. K. JACKSON & SONS LIMITED, Wholesale Meat Salesmen of Symington, Biggar, Lanarkshire, Scotland, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 15th day of November 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

COWARD CHANCE,
Royex House,
Aldermanbury Square,
London, E.C.2.
Ref: MND. 384/SCE/RDH.
Agents for:
MONCRIEFF WARREN PATERSON & CO.,
1 Blythswood Square,
Glasgow G2 4AA.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 12th day of November 1976.

CONTRACTS AND TENDERS

Democratic and Popular Republic of Algeria

MINISTRY FOR INDUSTRY AND ENERGY
SOCIETE NATIONALE DES INDUSTRIES CHIMIQUES
"PURCHASE DEPARTMENT"

INTERNATIONAL INVITATION TO TENDER
Year: 1977

Société Nationale des Industries Chimiques (SNIC) is launching a tender for the supply of raw materials and intermediary products for its units of:

- —Paint
- —Detergent
- —Cosmetics
- —Glass and ceramic
- —Explosives
- —Commercialisation

Companies interested in the above may obtain the tender documents from SNIC, Division des Achats, Cinq Maisons, EL-HARRACH, Algiers, BP 27, Algeria. Telex 52 840. Telephone 76.37.82 to 87—against payment of Dinars 100.

Tenders should be sent in double sealed envelopes—the inside envelope bearing the mention "TENDER No. MP/77/09—Not to be opened"—not later than November 10, 1976, the postmark being taken as evidence of the date of posting.

Tenderers remain bound by their quotation for a period of six months.

Technical instructions and samples of the proposed products must be submitted before the closure of the tender.

AUSTRALIA

200 MW GAS TURBINE GENERATING PLANT

Tenders are invited by the State Electricity Commission of Victoria, Australia, for the manufacture, supply, delivery and erection of a 200 MW Gas Turbine Generating Plant including transformers, switchgear and plant enclosure to be installed in the State of Victoria, Australia.

Facilities are available for the scrutiny of all relevant specifications at the offices of the Agent-General for Victoria, Victoria House, Melbourne Place, Strand, London, W.C.2, and appointments can be arranged by telephoning 01-836 2656.

The closing date for receipt of Tenders in Melbourne, Australia, is 9th November, 1976.

PUBLIC NOTICES

Brighton Borough Council Bills

£1,500,000 issued 20th October 1976 due 19th January 1977 at 14 23/64%. Applications totalled £6,500,000. There are no bills outstanding.

COUNTY OF S. GLAMORGAN

£2m Bills issued 19.10.76 maturing 18.1.77 at 14 23-64ths%. Total applications £18m. Bills outstanding £2m.

BLACKBURN B.C.

£0.8m. Bills issued 20.10.76 maturing 19.1.77 at 14 23-64ths%. Total applications £8m. Bills outstanding £0.8m.

GRIMSBY B.C.

£0.4m Bills issued 20.10.76 maturing 19.1.77 at 14 23-64ths%. Total applications £4m. Bills outstanding £0.4m.

CHELTENHAM B.C.

£0.3m. Bills issued 20.10.76 maturing 19.1.77 at 14 23-64ths%. Total applications £1.2m. Bills outstanding £0.3m.

BOROUGH OF TORBAY

£0.5m. Bills placed 20th October 1976 at 14 23-64ths% due 19th January 1977. £0.5m. Bills outstanding.

LOCAL AUTHORITY BILLS

Issued 20th October 1976 due 19th January 1977 at 14 23-64ths%.
£0.4m. City of Bath (Applications totalled £3.6m. £0.4m. Bills outstanding).
£2.1m. Oldham M.B.C. (Applications totalled £18.9m. £2.1m. Bills outstanding).
£1.5m. City of Edinburgh. (Applications totalled £13.5m. £3m. Bills outstanding).

CITY OF DUNDEE BILLS

£1.3m. issued 20.10.76 due 20.4.77 at 13⅞%.
Total applications were £12.2m.
No other Bills outstanding.

WOLVERHAMPTON METROPOLITAN BOROUGH COUNCIL BILLS

Issued 20 October 1976 £3.3m. Bills due 19 January 1977 at 14 11/32. Applications totalled £30.3m. Total outstanding £3.3m.

DERBY BOROUGH COUNCIL BILLS

£1,150,000 due 19th January 1977. Issued 20th October 1976, at an average rate of 14 23-64ths%. Applications totalling £8,050,000. These are the only bills outstanding.

COMPANY NOTICES

KYUNG IN ENERGY COMPANY, LIMITED
('Company')

Notice to Bearers of Participation Certificates issued by WESTERN AMERICAN BANK (EUROPE) LIMITED
('Bank')

All bearers of Participation Certificates issued by the Bank in respect of a U.S. $8,000,000 Loan to the Company pursuant to a Loan Agreement dated 23rd January, 1970, should surrender their Certificates either to the Bank at 18 Finsbury Circus, London EC2M 7BR, or to M & T Bank of 654 Madison Avenue, New York, NY 10021, the Paying Agent so that payment may be made to them of their share of the Loan which the Company has given notice to the Bank it intends fully to prepay on 15th November, 1976. Participation Certificates surrendered will be cancelled accordingly.

Western American Bank (Europe) Ltd.
22nd October, 1976.

THE ROYAL BANK OF CANADA
Dividend No. 357

Notice is hereby given that a dividend of 34½ cents per share upon the paid up capital of this bank has been declared for the current quarter and will be payable at the Bank and its branches on or after 24th November, 1976, to shareholders of record at the close of business on 22nd October, 1976.

By Order of the Board.
R. C. Frazee.
Chief General Manager.

JAMES BEATTIE LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books relating to the 6¼% First Mortgage Debenture Stock 1986-90 of the Company will be closed from 8th to 15th November, 1976 both dates inclusive.

BY ORDER OF THE BOARD.
G. T. Lowndes.
Secretary.
71-78 Victoria Street,
Wolverhampton.

THE GREAT NORTHERN TELEGRAPH COMPANY LIMITED
(Incorporated under the Laws of Denmark)

Hambros Bank Limited hereby gives notice that Authorised Depositaries failing to apply by 29th October 1976 for shares issued by way of capitalisation will have to contact the company direct at its Head Office, 28 Kongens Nytorv, DK-1016 Copenhagen K., Denmark.
22nd October, 1976.

BOND DRAWING

CHILEAN EXTERNAL LONG TERM DEBT—LAW NO. 8962
CHILEAN 5% LOAN 1911 (2ND SERIES)

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above loan took place on 12th October 1976, attended by Mr. Keith Francis Croft Baker, of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at bar on 1st November 1976, from which date all interest thereon will cease:—

7 Bonds of £1,000 Nominal Capital each
Numbers:

72	313	346	490	628
1154	1298			

8 Bonds of £500 Nominal Capital each
Numbers:

1568	1812	2123	2286	2504
2691	2845	3298		

162 Bonds of £100 Nominal Capital each
Numbers:

3812	4620	4808	4846	5014
5476	5879	6152	6159	6209
6210	6427	6310	6417	6506
6834	6941	7355	7446	7508
7612	7762	7806	7955	8176
8241	8253	8357	8424	8474
8516	8760	8836	9034	9092
9266	9267	9334	9480	9597
10089	10193	10263	10302	10394
10396	10638	10692	11039	11183
11428	11451	11580	11991	12037
12045	12650	12683	12755	12893
13033	13096	13480	13791	13995
14091	14283	14290	14383	14386
14472	14512	14813	14860	14881
15287	15350	15381	15391	15447
15486	15576	15528	15655	16037
16040	16103	16380	16596	16662
16744	16815	17417	17427	17459
17753	18102	18290	18308	18309
18456	18631	18790	18882	18883
19237	19201	19351	19378	19446
19701	19864	20044	20088	20231
20373	20374	20524	20573	20600
20721	20888	20938	21189	21232
21233	21365	21588	21808	21814
21289	21986	22009	22126	22194
22198	22461	22739	22800	22961
23002	23212	23323	23515	23661
23780	23986	24040	24372	24611
24656	25015	25115	25406	25447
25740	25901	26063	26329	26553
26677	27177			

52 Bonds of £20 Nominal Capital each
Numbers:

27567	27910	27942	27956	28820
28641	28955	28979	29269	29595
29714	30041	30075	30277	30353
30738	30781	30919	30951	30981
30982	31008	31022	31028	31036
31037	31135	31139	31172	31191
31418	31422	31610	31621	31635
31638	31868	31934	31938	31987
32007	32065	32149	32157	32159
32259	32260	32285	32317	32322
32323	32336			

229 Bonds amounting to £28,240 nominal capital.
Witness: K. F. C. Baker. Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st May 1977, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

New Court,
St. Swithin's Lane,
London EC4P 4DU.
21st October, 1976.

EDUCATIONAL

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CLUBS

EVE. 189 Regent Street. 734 0557. A la carte or All-in Menu. Three Spectacular Floor Shows. 10.45, 12.45, 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE. 69 Dean Street, London, W.1. STRIPTEASE FLOORSHOW SEX UNLIMITED Show at Midnight also 1 a.m. Mon.-Fri. Closed Saturdays. 437 6455.

This week: The Sailor's Sweetheart. Next week: 2121 La Bourse. Live erotic Cabaret every night. Beautiful company, excellent Cuisine. 9pm-3am Monday to Saturday. JULIA'S Restaurant Cabaret Club. Enquiries and Reservations 734 1071 (day) 930 1648 (eve.). 4 Duke of York Street, St. James's, London. SW1.

EXHIBITIONS

KENSINGTON ANTIQUES FAIR Town Hall, Oct. 18-23, 11 am-8 pm. Bargains.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TRANSPORT

Diesel knock and fumes eliminated

RECENT developments in the technology of gas-powered internal combustion engines by a small U.K. company has enabled the organisation to undertake conversion of heavy diesel engines for large goods vehicles to propane burning, with significant benefits for hauliers.

Converted engines develop up to 15 per cent. more power and lose their "diesel knock" thus running much more smoothly and quietly. Exhaust gas is clean, colourless and almost without smell, and maintenance is cut down considerably because the lubricating oil does not become contaminated.

A Scammel 32-ton tractor unit powered by a Gardner 180 engine has been converted and extensively tested, running on LPG.

On this vehicle, the compression ratio has been reduced and electronic ignition installed. The converters claim that it is now able to operate 50,000 miles without servicing.

The company is now concentrating on the conversion of urban delivery vehicles using diesels, as well as those diesel engined units which have to operate in confined spaces and therefore can give rise to complaints about exhaust fumes and noise.

With support from the NRDC, the company has also carried out a feasibility study under which a 16-ton Bedford tractor was converted to operate on methane or North Sea gas. This is stored in a cryogenic tank in the solid state so that no boil-off takes place. The gas evolved in the system is fed to the engine through an appropriate carburettor while ignition at the outset is by a small shot of diesel fuel using the existing fuel injection equipment.

The engine operates on 5 per cent. diesel and 95 per cent. gas and can revert to full diesel without stopping.

This development, which must be of great interest anywhere large supplies of natural gas are freely available, is somewhat in abeyance because of present policy for the Gas Corporation on the supply of liquid natural gas for industrial purposes and because legislation is pending.

But as the U.K. petroleum processing industry expands and more gas is captured at the production platforms rather than being flared, abundance of supply of methane, as well as propane could ultimately bring a change of attitude on the part of the licensing authorities, to the benefit not only of hauliers, but also of all other road users most of whose annual mileage is accomplished in the sickly smell of badly adjusted diesels.

New Energy International, 2 Gate Street, Lincoln's Inn Fields, London WC2A 3HP. 01-405 5619.

● MATERIALS

Prepainted aluminium gutters

ALUMINIUM rainwater goods including gutters, down pipes and the associated accessories are the latest products to be fabricated from Alcan Duralcote 70 prepainted aluminium.

Independent fabricators, with Alcan's technical and development support, are developing the concept of seamless aluminium guttering. These gutter specialists utilise portable roll forming equipment to manufacture a seamless rainwater system on site using narrow width prepainted aluminium coil.

These systems, have been in wide use in both Canada and the U.S. and are now expected to develop rapidly in this country, now that a suitable prepainted aluminium is available for the environment.

Alcan Duralcote 70 is produced on a modern high speed coil coating line and uses the latest high technology coatings. Specifically designed for the building market, this coated aluminium system gained Agrément approval in 1975 after a stringent series of evaluations related to performance in the laboratory and in aggressive exterior locations. The Agrément Certificate states that the paint system provides protection against corrosion for over 30 years.

● INSTRUMENTS

Humidity reference

A COMPACT portable device put on the market by Lee-Dickens provides in a small test chamber an atmosphere in which the relative humidity is held constant to 0.01 per cent.

Main application of the Humiref HR 100 is to check and calibrate humidity sensor probes such as thin film capacitive hygrometers but other uses might arise for example in studying the adsorption and desorption rates of small samples of materials.

Measuring overall 250 by 190 by 170 mm. and weighing 1.5 kg the unit can be set up by an inexperienced operator in about five minutes and the test time is then determined only by the response time of the sensor under test.

Operational principle is that when air is in equilibrium with a saturated solution and solid excess of a salt, the relative humidity of the air remains constant (at a constant temperature) at a level specific to the salt used.

The require dynamic equilibrium is maintained by a simple recirculating system operated by an airlift pump. The company is at Desborough, Kettering, Northants NN14 2QW (0536 760156).

● PROCESSING

Ring main for water washers

WHERE HIGH pressure cold or hot water may be required at a number of locations a mains system can be installed with outlet points to which, using a quick-release coupling, an operator can attach a hose and cleaning lance.

The system has been developed by Warwick Pump and Engineering Company, Oxford Road, Berinsfield, Oxon., OX9 8LZ (0865 340322) and uses one or more of the company's high pressure power washer pumps.

Control is by a multiple pressure switch. As each lance is turned on or off pressure fluctuations are automatically compensated to maintain constant cleaning power.

The system provides a cleaning facility at several points without moving a machine around. It is believed to be the only pump system of its type able to offer 5, 10, 15 or 20 hp outputs, all at 85 per cent. efficiency. The system operates at any pressure between 800 and 2,000 psi, with up to four interconnected pumps.

Detergent is supplied independently to each lance with a tip injector.

● WELDING

Stable TIG power source

FROM THE U.S. comes a tungsten/inert gas (TIG) welding power source which, it is claimed, provides for the first time in the U.K., a supply down to 0.5A which is stable to within ± 1 per cent.

In addition, high frequency arc pulsation produces small closure welds with 25 per cent. less heat input than electron beam welding. These advantages are stated to make TIG welding competitive with electron beam, for applications such as welding micro-relay cans, transducers, heart pacemakers, heat pipes, capsules, etc., at about half the capital cost for the welding equipment.

The source, available with 75 or 300A maximum output, is intended for use with mechanised TIG equipment, welding stainless and high alloy steels from 0.3 to 6mm thick. All normal welding parameters can be pre-programmed, and there are a range of optional modules which can be added to the source to provide, for example, jig control, filler wire feed, or a multi-level programmer for up to three programs.

More detailso n the source are available from Welca International (U.K.), 5 St. John's Place, Wistow, Huntingdon, Cambs. (0487 822868).

● ENERGY

Wind pow[er] for Cape Wrath lig[ht]

TRINITY HOUSE has [commissioned] ERA to carry out under[...] a study of the feasibili[ty of a] wind-powered unit to [...] Cape Wrath lighthouse.

Because of the strin[gent] conditions imposed on [equip]ment in the lighthouse [...] this would indicate th[at wind] power generators have [come of] age, or at least are on th[e verge] of doing so.

The lighthouse is on th[e north]ern tip of Scotland in on[e of the] stormiest areas of the [British] Isles and fuel has to b[e trans]ported out to it by b[oat or] Land-Rover.

ERA's contract covers [the first] phase of a three-stage [...] Under this first stage, th[e ...] will make a detailed stud[y of] wind conditions in th[e Cape] Wrath area and pred[ict the] annual capability of [...] commercial wind-driven [...] located at that particula[r ...]. The aim is equipment t[o] achieve 2/3 kW average [...] output of 10,000 to 20,000 [...] year.

ERA is being appointe[d ...] impartial judge of the [...] number of wind-driven [...] units available on th[e] market, following a nur[nber of] contracts it has carried [out ...] study wind-power poss[ibilities] including a study carried [out in] Northern Ontario on the [use of] wind-power units for [...] telecommunications link[s]. [It is] also following its staun[ch advo]cacy of wind-power for in[dustrial] and domestic applicati[ons in] Britain in the face of [varying] degrees of scepticism fr[om] numerous committees a[nd] the Department of Ene[rgy ...] policy, none of which ap[...] have looked outside Bri[tain at] developments in Swede[n, Den]mark, Holland, Canada a[nd the] U.S.

ERA, Cleeve Road, [Leather]head, Surrey KT22 7SA. [Leather]head (03723 74151).

● SERVICES

Finds the goods in Europe

CLOSE ON 70,000 names [of ...] porters in the nine C[ommon] Market countries are pr[inted] in the Common Marke[t ...] phone Directory. But if [...] cannot locate a supplier [of a] product he wants, DEI (G[...]) [will] locate it, as well as com[...] and services.

It was initially set up [...] directory users to conta[ct sup]pliers who would be incl[uded in] the following annual editi[on ...] has now been extended [...] run from a research ce[ntre in] Bedworth.

Further information [...] directory and on the serv[ice can] be obtained from DEI [...] Research Centre, Anglia [...] King Street, Bedworth [...] 8HP. 0203 319620.

● COMPUTING

Aid for the property manager

DISC-BASED, an accounting, enquiry and reporting system has been designed by Burroughs specifically with property management in view.

It covers tenants accounting, client accounting and management reporting, covering rent demands, rent collection lists, arrears letters, rent statements, service charge statements and cash analysis and disbursement lists.

The package has already been installed and operated at a number of sites. It is available at a small fraction of the cost that would be incurred should a property company decide to develop its own system.

Burroughs, Heathrow House, Bath Road, Cranford, Hounslow, Middx. TW5 9QL. 01-759 6522.

Add-on for a mini

AVAILABLE to users of Digital Equipment Corporation's PDP-11/70 minicomputer is a semiconductor add-on memory system which can increase the computer's main memory by a factor of four to four megabytes.

Designated "in-1670" it is electrically and mechanically compatible with the DEC machine and is complete with chassis, power supply, cooling fans and controller. Basic capacity is 128 kilobytes and this can be expanded to 128 kilobyte increments to four megabytes.

The memory contains checking and correcting circuits which automatically correct single bit errors. If a double bit error occurs it is detected and the faulty address is recorded in registers which can be inspected during maintenance.

More about the memory, which is about twice as fast as the computer's on board system, from 4 Between Towns Road, Cowley, Oxford OX4 3NB (0865 771431).

JOHN ELLIOTT traces the growing problems facing companies and their managers as real incomes fall and efficiency suffers.

The pay squeeze that threatens industry

MANAGERS HAVE been complaining for a long time that they are the poor relations of Britain's industry with inadequate monetary and other rewards, with little social status, and with an increasing burden of problems to be dealt with day to day. The complaints have been aired for so long and from so many political and institutional platforms that they rate little space in the newspapers. They are usually dismissed as the special pleadings of a self-important and over-rated group of people who do not deserve any special attention and who are unlikely to revolt collectively however hard they are pressed.

On the other side of the coin, the perks and possibly illicit extras that these managers can sometimes obtain for themselves rate high publicity whenever a fresh "scandal" can be uncovered. Every such new discovery is fuel for Labour Party supporters and others who believe that the managerial classes should be squeezed even more.

Two recent events have illustrated these two aspects of how the country views its industrial management — and indeed all the scientists, engineers, technologists, journalists and others earning £8,000 or more who have found their net real incomes cut in the past few years by increasingly stiff taxation and rigid pay policies at a time of rapid inflation. The first was the story of the "perks" being paid by BOC to its senior directors.

The second was a speech two weeks ago by the Prime Minister to the British Institute of Management, when he was almost lyrical in his praises for Britain's management and outspokenly sympathetic for their financial plight. But having sung their praises, he then indicated what he regarded as the economic and political reality, namely that there was no chance of restoring their lost income position within the next few years because to allow managers much more would upset the TUC and endanger the social contract's pay limits.

Prospect

Company directors and their personnel advisors have now begun therefore to accept that there is no early prospect of the Government taking action which would enable them to employ fully motivated and satisfied managers.

At the same time they are beginning to realise that, even if the national pay policy were to be totally relaxed next year, they still could not put their managers and senior technologists and others back on the net income levels they were enjoying until comparatively recently. This is because it would mean, for example, giving people earning say between £8,000 and £12,000 a £5,000 rise. Even if this were allowed by a pay policy (which it would almost certainly not be), few companies could afford to pay out such a sum and even if they could afford it for a lucky few, they could not withstand the impact such a rise would have on their pay structures. And even if these problems were surmountable, there would be little point in paying out so much anyway because most of the rise would be dissipated in taxation.

The conclusion that companies have come to therefore is that, however hopeless it may seem, they must try to persuade the Government to ease taxation levels; and this week the CBI has launched a demand for a 60 per cent. top marginal taxation rate instead of the present 83 per cent. even though Mr. Callaghan made it clear at the BIM dinner that no early taxation help should be expected by managers. This statement from Mr. Callaghan overturned hopes which some senior personnel directors had been building up during the summer that they had persuaded Mr. Callaghan and Mr. Denis Healey, the Chancellor of the Exchequer, that some urgent help should be forthcoming. A managerial optimist might argue that the Prime Minister made his remarks at the BIM dinner as a political ploy to flush out a managerial backlash which would make it easier for the Government to persuade the TUC next summer to allow managers something more. Top managers in industry however are taking Mr. Callaghan at his word and to-day at the Institute of Personnel Management Conference in Harrogate, Mr. John Methven, the CBI's director general, will be launching a campaign to swing public opinion behind the managers' cause.

The worry in the minds of senior company executives is that, while *they* may have come to terms with the reality of the present Government's policies, few of their managers scattered around the country yet understand that help is not just round the corner, that the next Budget may well not ease their taxation position, and that the pay policy starting next autumn may well not allow them big compensatory rises, even though it may have a percentage element.

The fear is that, once the reality becomes apparent, the frustrations, worries and disenchantment of those involved will seriously harm industrial efficiency. Few company directors talk in terms of mass resignations or mass emigration, of managers rushing to join trade unions or refusing to do their work — although one personnel director I have talked to this week said he could envisage managers, frustrated by a wide range of the present Government's trade union-orientated policies, rising as a potentially powerful political force. But while such an extreme view was an exception, every large company has countless tales of the problems it is having with its executives despite the fact that most managers, because of a mixture of professionalism and drive, just carry on working.

There are stories such as factory managers who earned £7,500 four years ago now being on only £11,000 when they need nearly £13,000 to keep up with the cost of living and still more to offset taxation. The problems centre around the impact of the sharp drop in managers' net income on family life plus the frustrations of senior managers being paid less than their juniors. Company directors talk in terms of senior executives in their 30s and 40s, worried by rising mortgage, education and other costs, not concentrating fully on their work—even of a factory manager having to sell his dinghy and of wives selling fruit at their front gates to raise cash. In other words, companies are no longer free to reward a manager sufficiently to eliminate some of the family problems that might distract him from full concentration on company affairs. Companies also report that there is sometimes a marked lack of willingness of managers to work excessive hours for little reward—especially if they feel so squeezed financially that they must decorate their house or do some other chore themselves.

Some companies also say that their top managers are loath to push their subordinates too hard when they know they have family worries to deal with at home. This is a view aired more often by company chairmen and top directors than by their subordinates and it might also be more a rationalisation of change in sociological attitudes, with less acceptance of unquestioning authority, than of financial frustrations. Nevertheless, one senior director of a multi-national company based in London did say recently to his colleagues: "I am worried about whether I have the moral right to demand that a man works through the week-end or takes off over night for the other side of the world when that man's standard of living is falling sharply. On the other hand if I act on this worry and let up, we will be beaten by foreign competition."

Managers are also said to be less willing to accept promotion within a company if the pay rise involved is kept small in line with the pay policy requirement that the old going rate for the job, not a new inflated figure, should be paid. The rise is likely to be so small that, if a man has to move his home, the extra money can be used up by incidental costs, especially if his wife has been working and might have to stop.

As a result of these and other such difficulties, companies rehearse the well known problems that they lose their brightest recruits abroad, (one company quoted four of its 100 top managers emigrating to foreign firms in the past two years), that employees working abroad will not come home, that managers cannot be bothered to take on increased responsibility, and that the mobility of appointments needed to ensure the right man is in the right job and is receiving the right background training for the future cannot therefore take place.

The companies stress—as one would expect—that they do not rely on financial incentives to motivate their management. They achieve motivation by giving them challenging jobs, freedom to use initiative and other similar methods. But they add that it is essential to reward the successful manager with a high salary to give him and his family a comfortable life style and it is this that cannot now be done.

Companies are now therefore looking, without much confidence, into various methods of trying to remedy the situation. Their first line of attack, as Mr. Methven's speech will show, is to try to change public opinion and therefore Government policy. Even if they do not succeed in changing the Government's line they believe that managers will be partly motivated by the sight and sound of people arguing in public on their behalf.

A second line of attack might be to examine a company's internal structures to see how its organisation and methods of working could be changed. Management consultants, eager for fresh business, are realising the potential here but generally companies seem loth to add to their complicated problems by recruiting outside motivational consultants.

A third line is to see what can be done on the fringe to improve the valuable manager's lot. Since the BOC episode earlier this month, companies have been even more unwilling than normal to discuss their policies on perks—although many make the point that it is much easier for a small company to hand out the odd extra without anyone noticing, than it is for a big organisation to do so.

But companies are reviewing their perks to see if they can add, for example, items such as extra travelling allowances, free clothing and luggage for travellers abroad, help with the preparation of executives' tax returns, free credit card facilities to the more traditional perks of company cars and medical insurance. A company might even consider moving its headquarters management staff abroad to ease its problems while others are considering giving their brightest young senior managers top jobs abroad to enable them to build up some capital. Another idea is for a company's remuneration consultant to give the company's top executives free advice on managing their personal financial affairs.

Resentment

Many of these ideas, however, would be caught by the pay policy and a lot of the perks could only be applied generally to people in the £15,000 to £30,000 bracket. This still leaves companies with the problem of what to do for those earning from £6,000 to £8,000 upwards, and it is these people, often in front-line factory management positions, who are bearing the brunt of industry's present problems and who, as one personnel director put it, "work 12 or more hours a day and resent being lumped in Labour speeches with parasites of the financial world."

Cosseted

Many TUC and Labour activists however do not bother to differentiate between the really rich and line managers who they believe have been cosseted for too long and deserve a cut in their life style. This may be difficult for middle and senior managers who have already committed themselves to high financial outgoings, but it could be less of a problem for the next generation of managers who would be able to set a lower financial threshold for their ambitions and fit in more happily into lower salary brackets.

This of course ignores the problem of international competition from foreign companies allowed to pay higher salaries and also dodges the issue of how British industry copes while the present generation of managers becomes increasingly frustrated as they finish off their careers. But an even more important problem is the issue of whether youngsters will want to go into industrial management if they see differentials being permanently compressed. Already there is deep resentment in industrial areas between say, the hard-worked factory production manager who has been squeezed in the past couple of years, and his neighbours such as civil servants and self-employed estate agents who may have lost little.

The TUC has suggested that there should be a top level of perhaps £20,000 for all salaries and sees the present squeeze of managerial pay as a step in this direction. If the unions continue therefore to wield significant influence over Governments, recent reduction in managers' net incomes may turn out to be but the start of a significant sociological shift which, whatever its long-term goals, may have a serious impact on industrial expertise.

MOVEMENTS IN MANAGEMENT PAY

	GROSS SALARY			NET REAL SALARY*		
	1969	1975		1969	1975	
	£	£	%	£	£	%
Foreman	1,582	2,754	+74	1,369	1,418	+ 3.6
Superintendent	2,755	4,669	+69	2,189	2,223	+ 1.6
Works manager	5,692	9,198	+62	4,126	3,903	− 5.4
General manager	8,952	13,806	+54	5,842	5,130	−12.2
Managing director	12,936	18,744	+45	7,169	6,165	−14.0

* The movement in the real value of net median salaries for a married man with two children under 11, enjoying mortgage interest and life insurance premium allowances, after adjustments for inflation and increases in taxation during the period.

Source: Royal Commission on the Distribution of Income and Wealth.

DIRECTORS' JOBS

An agency for the non-executive

BY TERRY GARRETT

A NEW company, Directorship Appointments, is launched this week with the aim of providing industry with a source of non-executive Board members or consultants ranging from chairman to technical specialists.

Directorship Appointments has spent the past six months canvassing companies, mainly public quoted groups, to find out whether they require the services of non-executive directors, or whether existing Board members wished to offer their services to other companies in a non-executive capacity.

Over this time the company has built up a list of some 200 people willing to offer their services part-time with other groups. Though the company has concentrated on setting up this nucleus some clients have already started recruiting and 20 appointments are currently being negotiated.

Contribute

Mr. Michael Mander, chairman of Directorship Appointments, said that most of their candidates are not motivated by money, but are people who feel they have something to contribute to other Boardrooms. Some are people who wish to broaden their own interests, knowledge and contacts and, in some cases, companies for which they work full-time have encouraged them to seek additional outside experience. The group does not intend to "peddle professional non-executive directors."

Mr. Mander went on to say that public discussion on the role of the non-executive directors understandably tends to concentrate on the "watchdog" aspect and loses sight of the more important role which he believes to be the provision of additional experience in the boardroom.

Charges are payable only by the client company when a candidate has been accepted. The fees on the appointment of a director or consultant are £700 plus 20 per cent. of the first year's remuneration. For the provision of a chairman the figure rises to £1,500 plus 20 per cent. *No fees are taken from the candidates.*

Directorship Appointments, 53 Pall Mall, London SW1Y 5JH.

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FRIDAY, OCTOBER 22, 1976

Over-gradual gradualism

BOTH THE Chancellor and the Governor were somewhat more outspoken than usual at last night's Bankers Dinner, but not so outspoken as to suggest that there is any basic difference of approach is quite compatible the current problems of economic policy — a difference of emphasis, perhaps, resulting from their special fields of responsibility, but a common purpose. Such an apparent fundamental similarity of approach isqui te compatible with strong differences of opinion about how a particular situation should be handled.

The Governor began by speaking out loudly in defence of the City against the various attacks made upon it. He found no difficulty in refuting the accusation of inefficiency or in pointing out that the law had occasionally to be revised to check new abuses in all fields of activity. The City's self-regulating mechanisms, supported by changes in the law and a new joint review body would, he rightly suggested, be the best means of proceeding.

It is notable in this context that the Chancellor, too, was concerned to establish closer contact between the Government and the City both on a formal and an informal basis.

Money supply

When it came to dealing with the general problems of the economy, the Governor concentrated most of his attention, as was natural, on monetary policy. Pointing out that the Government's measures had not so far proved successful, he came out strongly in favour—and not merely as part of a borrowing operation—of setting publicly a target for growth of the money supply. This target should be considered together with fiscal policy, so that the burden of responsibility placed on each could be judged, and should probably be capable of regular redefinition, as in the U.S., especially at times when the direction of economic policy as a whole was being reconsidered.

There is no doubt that the Governor believes that at present monetary policy is being required to shoulder a disproportionate share of the burden. Although the recent sharp increase in interest rates may have been needed to check sharply the growth of the money supply—and recently, he confirmed, the Bank has sold gilt-edged on a massive scale—it is clearly a strong deterrent to the capital investment in industry which is a precondition of faster growth in the future and an integral part of the Government's industrial strategy. It may also be necessary, as he warned, to provide early evidence of an improvement in the balance of payments. And if this requires a further dose of austerity, he added, "I believe we shall have no choice but to accept it."

Time-lags

The Chancellor's approach was somewhat different. While rejecting protectionism, he was also concerned to reject massive deflation. He laid stress on the time-lags which must occur before economic measures—like devaluation and cuts in public expenditure—can produce their intended effect and claimed that gradualism in action was an essential condition of democracy: huge cuts in the borrowing requirement, he said, could not be made at once without losing popular support. There is some force in this argument, but it does not meet the criticism that making cuts in the present excessive level of expenditure should be a continuing process.

Mr. Healey did indeed refer to the importance of maintaining the support of the trade unions for "the hard but necessary decisions which we may yet face," which may amount to a recognition of the seriousness of our situation. The danger is now, as it has been in the past, that the Government will overplay the importance of gradualism and of keeping trade union leaders sweet. The election of Mr. Foot to be deputy leader of the Labour Party, though clearly welcome to the Prime Minister for just this reason, also suggests that there will be more legislation to come, relevant to the sectional interests of trade unions rather than to the recovery of the economy.

Responsibility for public funds

WHEN A Minister commits large sums of public money to an industrial enterprise against the advice both of his own civil servants and of the Industrial Development Advisory Board, he is taking a very considerable risk. There needs to be compelling national interest arguments to justify it and every possible precaution must be taken to minimise the loss to the taxpayer if the gamble should fail. Neither of these conditions were met by Mr. Anthony Wedgwood Benn, then Secretary for Industry, when he provided £10m. to the three workers' co-operatives—the Scottish Daily News, Kirkby Manufacturing and Engineering and the Meriden motor-cycle business. The background to these decisions, and the subsequent disasters, described in yesterday's report from the Public Accounts Committee, mark a disgraceful chapter in the inglorious history of Government rescue operations.

Management

Such elementary matters as the potential market for the company's products, the competence of the management and the adequacy of its financial resources, were ignored or glossed over. Meriden made a loss of £1m. in its first year, against a forecast profit of £200,000. Kirkby, which for unspecied reasons was given a grant rather than a loan, lost about £1.2m. and earlier this year was still losing money at the rate of £60,000 a month: the overheads of the factory were far too high for the amount of production going through it. As the Public Accounts points out, the economic conditions in which the co-operatives were launched were about as unpropitious as could be imagined. This, together with their inheritance of the problems of failed enterprises, "reduced their value as experiments in industrial organisation and may have harmed rather than furthered their cause."

The idealism of the people involved with the co-operatives was no doubt admirable (at Meriden, in particular, some notable gains in productivity were made), but this was no excuse for the imprudent way in which public money was disbursed. Because the co-operatives seemed to him to point the way to a brave new world, the Minister provided more generous terms than might have been offered to a normal commercial enterprise.

It is not, of course, only in relation to co-operatives that mistakes have been made. The Public Accounts Committee is none too complimentary about the Department of Industry's handling of Kearney and Trecker Marwin, the machine tool group formed by a Government-sponsored merger in 1972. This was another case where the Department under-estimated the management problems and the amount of finance needed. In the end, on the advice of the Industrial Development Advisory Board, the Department adopted the solution that probably ought to have been followed at the start, which was to find a strong partner (Vickers) to take management control.

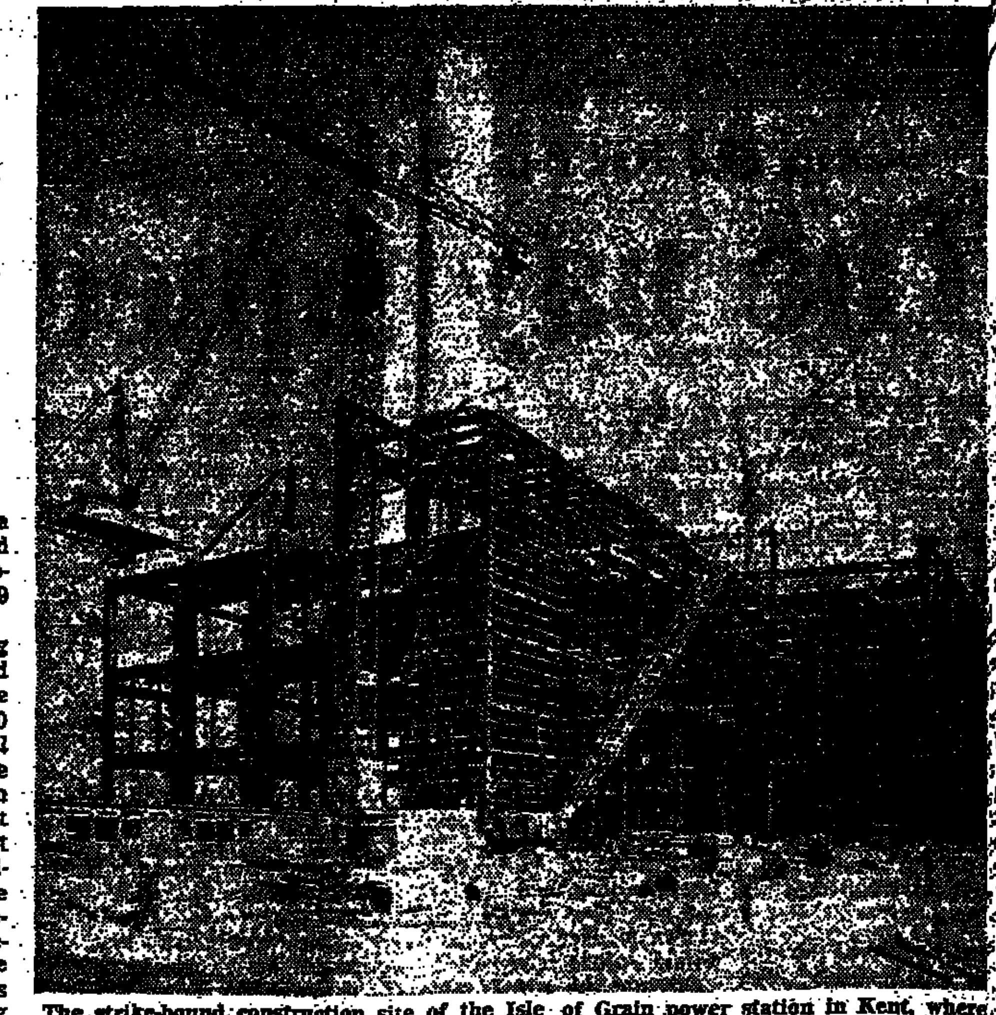
The new criteria for selective assistance to industry, published at the beginning of this year, place more emphasis on commercial viability, on the quality of management and on the need to quantify the economic and social benefits of any rescue operation: the Public Accounts Committee was told that any new requests for assistance from Kirkby or Meridan would be subject to these stricter criteria.

Too much power

This is certainly welcome, but the most disturbing aspect of the whole story, which the new criteria do nothing to change, is that a Minister should have the power to hand out money to what he personally regards as an interesting social experiment, irrespective of commercial considerations. The fact that many of the workers concerned lose their jobs while the Minister retains his position in the Cabinet makes it even harder to accept. It is not enough to hope that future Ministers will be more sensible than Mr. Wedgwood Benn; the powers themselves must be curtailed.

Roy Hodson analyses the deep-rooted problems of Britain's big building sites, revealed by NEDO

Construction's troubled tale



The strike-bound construction site of the Isle of Grain power station in Kent, where men used to come to work an hour late.

NOW THAT the National Economic Development Office report which so adversely compares performance on large British Engineering construction sites with similar works abroad has been made public (the findings and recommendations were summarised in yesterday's Financial Times), the way is clear for national action. The report, although an appalling tale, provides a new opportunity for all concerned — the Government, the big plant contractors, the trades unions, and the client industries for major plants in Britain — to attempt to get to grips with a deteriorating situation which is highly damaging to British industry.

The search for an effective national formula for the management of large sites is not new. It has been going on since the end of the last war. Various agreements, usually of a tripartite nature, have been devised, hailed as the long-sought answer, and eventually discarded or allowed to wither. The National Economic Development Council has itself been active in the search and has long hankered for a workable National Agreement.

Continuing concern at national level about the troubles on large construction sites has not prevented the general situation from steadily deteriorating. If the report now circulating which has been prepared by a working party of the Economic Development Committee for mechanical and electrical engineering construction, is to be worth more than the paper it is printed on it must have sufficient impact to check the downward spiral.

Higher output abroad

As the joint working party team, drawn from the unions, the clients and the contractors, laboured through their comparisons of progress in the building of power stations, chemical plants, and refineries, in Britain, Europe and America, the bad showing of the British sites chosen for comparison purposes became increasingly obvious. Poor industrial relations on the sample British sites have been identified as the principal reason for higher costs, followed by the fact that building programmes run for years longer than on similar sites abroad.

But the working party was also able to conclude that times scheduled for projects abroad are shorter, that when delays are incurred abroad they are made good more easily; that manning levels abroad are lower, and that construction efficiency and labour productivity abroad are higher.

Two of Britain's biggest industrial sites at present are the Redcar, Teesside, site where the British Steel Corporation's most important development worth £2bn. is going on, and the Central Electricity Generating Board's Isle of Grain sale on the Thames where Europe's biggest oil-fired power station is not likely to cost less than £500m. The serious labour problems that have been experienced on both sites this year give point and urgency to the NEDO international survey.

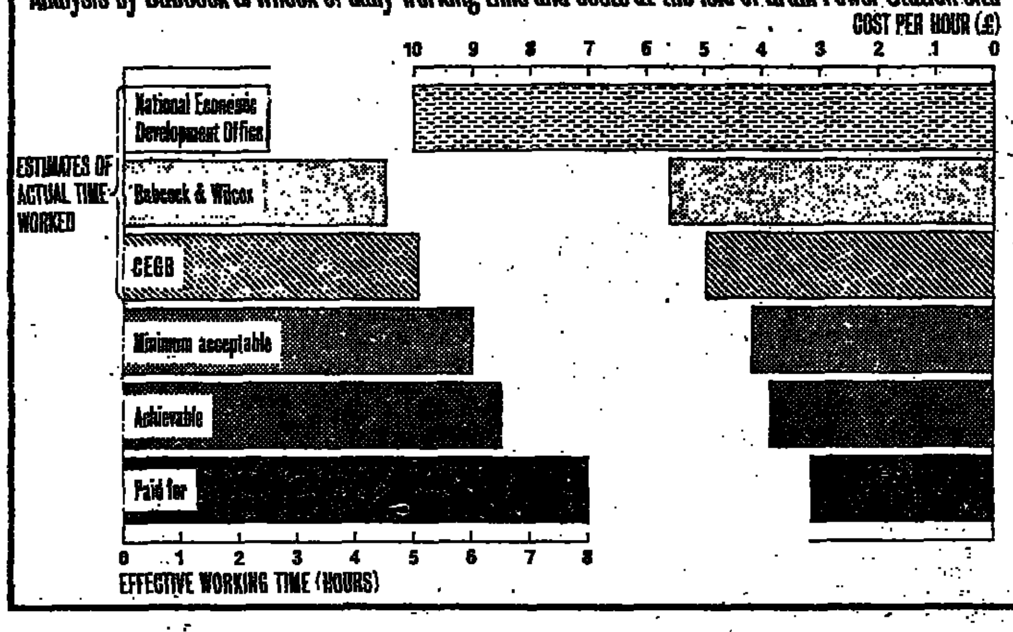
Mr. John Eccles, president of the Metallurgical Plant Makers Association, has described the Redcar site situation as "disastrous" in evidence to a Commons Select Committee. But, according to the Northern Counties Sites Group (made up of Teesside contractors and clients) things at Redcar are no worse than at a series of neighbouring sites.

At the Isle of Grain a strike of the Babcock and Wilcox labour force of nearly 1,000 (to which the company eventually responded by dismissing the men) is now just entering its 19th week with small hopes of an early settlement. Fieldwork by NEDO on the Isle of Grain site before the dispute arose showed that the output of Babcock and Wilcox labour was falling to as low as 20 per cent. of what can be said theoretically to be a fair day's work for a fair day's pay. The table shows various estimates of the performance of men on the site.

A manager who has worked on the Isle of Grain project gave a vivid picture of what low productivity means in real terms: . . . "The men were supposed to be on the job at 8 o'clock in the morning. At perhaps ten minutes past eight the responsible site manager would go into a canteen crowded with hundreds of men and tell them to get on to the job. He would be barracked. He might take a few names. But what good would that do? They would drift towards their work at about 9 o'clock."

NEDO erected its last big milestone along the stony road in search of an efficient site management system in a 1970 report called *Large Industrial Sites*. That recommended the adoption of new policies in mechanical and electrical plant construction which "could result in benefits running to many millions of pounds." At that time the power station building programme appeared seriously behind schedule with an average lag of 18 months. Now, six years later, the power station building delays are running at about four years.

The 1970 report had a lot to say about management by client, about training, about programming, and about the need to follow up the report with a vigorous process of reform. But its central recommendation was that there should be a single, comprehensive, national agreement covering all mechanical and electrical construction work. Predetermined parts of that agreement, it was suggested, should be formally negotiated at site level before work ever started.



Six years have passed. No national agreement has been achieved.

The Central Electricity Generating Board, meanwhile, made its own efforts to re-establish control of sites by changing its contracting system. In the absence of a single national agreement the board decided to try to control the pay and conditions of individual sites by moving away from the sub-contracting system for specialist work. Traditionally hundreds of sub-contractors move in and out of big sites with their small work forces. Those men can upset the stability of a site in a moment by provoking envy among resident site workers over the sub-contractors' often superior pay. The board decided to re-cast its own organisation for power station building and, at the same time, attempt to work with a small number of main contractors on power station sites.

The CEGB's new generation and construction division has been integrated into one unit at Barnwood, Gloucestershire, for the past 2½ years. The Isle of Grain power station contract (which was let soon after the 1970 NEDO report and another report concentrating on the board's contracting problems) was the first job to be shared among a small number of main contractors—five in all. Since then the contract for the Ince B power station on the Mersey has gone to just four contractors, and the Littlebrook power station on the Thames to 10 contracters.

The Isle of Grain troubles have culminated in one contractor, Babcock and Wilcox, relinquishing those parts of its contract which involved work normally handled by sub-contractors and which was outside its main contract for the station's boilers. But the CEGB does not see that setback as the end of its hopes for the new contracting system. Rather the Board is hoping to learn valuable lessons from the Isle of Grain situation.

Reducing the number of contractors has not, so far, given the Board the greater control over the sites it had hoped for. But, equally, it has removed the old sub-contractor problem. "At the moment we would not want to go beyond the Littlebrook pattern of about ten main contractors," says Mr. Arthur Jones, a director of projects for the CEGB.

Managers with ulcers

What really worries the clients and the big contractors for chemicals, oil, steel and power generation plants is the heavy pressures upon management on the big sites. A project manager used to be expected to see a contract through over a four- or five-year period. But now that the slower rate of construction on certain sites is dragging out completion dates by years, managers are not staying the course. Two or three years seems to be the limit of managerial endurance on the most difficult sites. The daily arguments with groups of militant shop stewards, and the shop stewards' deputies take their toll. "Men drop out with ulcers or nervous break-downs may need three or more top managers in succession to see a job through." And they are or leave for less taxing jobs. It hard men to find.

The managerial problem is embarrassing the total activities of the big plant companies and contractors. Their reputations are based upon the management skills they have to sell, those skills are tied up in the home market over-running by years, comes increasingly dif[…] find the talent to cope [with] orders, particularly jobs which need a high of concentration and management reaction [and] are not to be frittered […]

All the companies [have dis]turbing stories about [the beha]viour of labour on certa[in sites]. The estuarial sites [in] Britain are the most […] The major problems are [concen]trated on the Thames, the Tyne, the Clyde, [the] Mersey. It may have so[mething] to do with the juxtapos[ition of] recalcitrant dock labo[ur,] newer high-paying in[dustries] engaged on oil refining rig construction, and a [tradition] of casual labour never [tied] to any one industry an[d deter]mined to "spin the jo[b out] when building anything.

Increasingly the em[ployers] are identifying the site [prob]lem as having a direct [connec]tion with the number [of men] under a single comman[d. At] the Isle of Grain Babco[ck and] Wilcox has been prepa[red to] accept some adverse p[ublicity] in order to bring down t[he] number of its work force from nearly 1,000 (whi[ch] proved unmanageable) t[o] 550 when work eventua[lly] starts.

Mr. Ron Campbell, a[s] managing director o[f] Nuclear Power Co[…] Britain's only remaining power station builder, [says] that to have the men on in units larger than 400 [men] for a single contractor m[ust in]evitably lead to trouble. [He] warns against allowin[g the] number of men in any c[ontrac]tor's team to build up enough work is there fo[r them] to do.

The whole construction [indus]try has discovered the ha[rd way] that once a low rate of p[roduc]tivity is established on [a] site it is extremely diffic[ult to] raise.

MEN AND MATTERS

Rockefeller problems

When you bear a name synonymous worldwide with wealth, chair one of the world's largest banks, and have as a brother the U.S. vice-president, your position of power is clearly pretty secure. Just to underline it, David Rockefeller is currently on a Middle East trip with more than an overtone or two of international diplomacy to it.

Yet back home in New York, 61-year-old Rockefeller has been under considerable attack for the relatively poor performance of his Chase Manhattan Bank, America's third largest after Bank of America and Citibank. The criticism has got distinctly personal. The newsmagazine Time reported that when asked what was wrong with Chase, a "top analyst" replied: "Two things: David Rockefeller."

But it must be said that speculation in American banking circles that Rockefeller (clearly headed for the top ever since he joined the bank's foreign department 30 years ago) might be replaced, a suggestion current in the summer, has now died down.

Suspicions about poor management systems and controls sprung from the indifferent performance vis-à-vis Bank of America and Citibank. This contrast appeared most starkly in the second quarter of this year when Chase's two big rivals announced 12 per cent. increases in profits, while Chase reported a 44 per cent. decline.

Charitably, it could be argued that Chase has been more plodding and conservative than its rivals, but few observers accept that as more than a partial explanation. Poor lending decisions are blamed, particularly to property companies and real estate investment trusts.

An inkling of some of the internal problems came last month when, without admitting or denying the charge, the bank accepted a settlement of a Securities and Exchange Commission finding that the bank's controls two years ago were inadequate and had resulted in a $34m. securities trading overvaluation. There have been changes in senior management lately, and with only another four years to go before retirement, Rockefeller does look firmly in charge.

Now the Rockefeller tradition of influential traveller has taken him to the Middle East, on the way back from the IMF in Manila. After talking business about an international banking loan in Teheran, Rockefeller went to Baghdad where—no coincidence—the 40th meeting of the Arab boycott of Israel is being held. No doubt he wanted to gauge the temperature of what has become a highly-charged issue in U.S.-Arab relations—tax legislation penalising companies complying with the boycott.

Finally, Rockefeller went to Cairo where he has been involved for almost nine months in discussions on the idea that he should head an international panel which would monitor Egypt's use of development aid supplied by Saudi Arabia and the Gulf States. Many complex issues bear on that, and presumably Rockefeller could do with stability at Chase HQ if he tackles the job. "I think we've dealt with our problems systematically," he said of Chase recently, "and are correcting them on schedule."

Ms Waters again

Barbara Waters is the TV presenter who earlier this year outraged many of her colleagues and competitors by receiving a five-year, million dollar a year contract to be host of an American Broadcasting Company evening news show. Walter Cronkite, the elder statesmen of America's unusually-exalted news broadcasters claimed to feel "a sickening sensation that we were all going under, that all of our efforts to hold television network news aloof from show business had failed."

ABC professed itself pleased with the audience- and advertising-attracting powers of its acquisition. And now the League of Women Voters picked her to be moderator (more or less chairman) of the third Presidential TV debate. Yawns apart, is Ms Waters managing to add to that super-salary? The answer is No: the League only pays expenses.

Judgment

I do not suppose anything should be read into one High Court case yesterday. A judge's ruling makes it likely that creditors of a failed Norwich building company will probably get a substantial dividend in due course instead of the nil return they had been expecting. Name of the company: Ford and Carter Ltd.

Tkted

Chase Manhattan and the other banks may not agree, but half money can be better than no money. That is the sensible view of theatres in New York, where a theatrical marketing co-operative called Tkts sells tickets to Broadway shows at half price on the afternoon of performances. The Times Square office is usually a scene of hustle and bustle—in sharp contrast to the quiet surrounding the newly-opened London Tkts operation.

For years the Arts Council has been trying to get the system introduced into London's West End. But there is an agreement between the main London theatres and the ticket agencies which says quite clearly that the agencies should not be under-cut by the theatres themselves. Up until last year the theatres therefore gave the Arts Council a flat refusal to a scheme whose activities produce not only custom but also profit ($178,000 last year in New York) which is ploughed back in the form of grants to theatres. By the autumn, however, things were getting so bad in the West End that hints of co-operation were forthcoming.

At this the Arts Council appointed Norman Hudson as administrator and started making plans for opening day. The agencies are not exactly enthusiastic, so this month has seen the London Tkts open, but with no mainstream theatres co-operating.

Since the start of the month Tkts has been offering half-price seats to what might be regarded as fringe theatre—yesterday it was the Roundhouse, the Bush and the Ashcroft. The lonely staff have had to turn away people said to be asking for others in the certain knowledge that this wet week has seen many London theatres desperate for the cash that Tkts could provide.

Thus Tkts, the theatres and the agencies all continue playing their waiting game, with the Arts Council hoping they can prove there is a demand, and the theatres can find a way through the agency objections. New York experience it says, shows that agencies don't suffer anyway since only last-minute bookings are taken, and then only after 3 o'clock in the afternoon. At the moment Tkts is tucked away in a corner of Covent Garden, unpublicised but slowly acquiring custom. There are plans to move it to Leicester Square, it the tourist hungry GLC can bring itself to give planning permission.

Praise indeed

"Dickens would have liked it this way," is the heading to a review in the journal The Stage of the current television series on Charles Dickens. The article is written by R. W. Shakespeare.

Observer

POLITICS TO-DAY

BY DAVID WATT

Congress adjusts to the crisis years

THERE IS no single cause of the English sickness, and there is unlikely to be a single cure. That certainly ought to be our response to the "magic remedies" which a procession of distinguished specialists are pressing on the poor old British body politic. Just the same, there is something to be said for isolating some of the more urgent and distressing symptoms and trying at least to relieve them by reference to prescriptions which other patients have found effective.

So much is by way of apology for describing briefly a recent development in American practice which has gone largely unnoticed here but which many observers in the U.S.—political, journalistic and academic — believe is the most significant permanent constitutional adjustment produced by the politico-economic crisis of the last five years. What has happened, in essence, is that the U.S. Congress has re-established control over the levers of economic management in America. Granted that two of our most painful problems are the decline of Parliament and the sense that the British economy has spun out of anyone's control, this American experience is likely to have some lessons for us, even after every allowance has been made for the fundamental difference between our constitutional traditions.

The budget procedures of the U.S. Congress had been recognised as unsatisfactory for many years before 1974, when reform was instituted. Congressional decisions involving spending were taken in the most chaotic and haphazard fashion. There were separate appropriations Bills voting funds for Federal agencies every year and several supplementary Bills to take care of miscalculations. Nobody kept track of how new legislation would affect spending totals and none of the Bills voting money were coordinated with each other; still less were they co-ordinated with Bills involving taxation and revenue.

Even in comparatively recent times, it could be said that this confusion did not matter very much. The sheer abundance and strength of the American economy swallowed up the discrepancies. In recent years, however, the astounding size of the American budget (now over $400bn.), the difficulty of paying for the Vietnam War, the combined onset of inflation and recession, have changed all that. Since the late 1960s, a Republican Administration, with very definite views about policy and expenditure, has confronted a Democratic Congress which possesses strong, though rather incoherent, views about policy but has no satisfactory means of controlling expenditure and revenue. The result has been heavily in favour of the better organised protagonist. The Congress was never able to offer an effective challenge to the Administration's economic strategy and spending priorities, nor could it wrest from the President the weapon he increasingly used—that of simply impounding, or refusing to spend, the money which Congress voted for any particular purpose.

In the end, in 1974 a bipartisan majority in Congress concluded a pact with the Executive in the form of the Congressional Budget and Impoundment Act. The Congress agreed to institute a new procedure putting its spending and taxing decisions in order, while the President (this was one of the last pieces of legislation signed by Mr. Nixon) agreed to allow a statute which would oblige him, in the last resort, to spend funds which the Congress voted. After a trial year in which some of the items in the Act were successfully tried out, the full provisions were brought into force at the end of the summer of 1975. The first complete year of their operation ended at the beginning of this month, and has generally been judged a resounding success.

Sen. Muskie (left) and Rep. Brock Adams: close liaison.

The process begins in November, when the Administration is obliged to submit to the Congress a document stating the budget authority and outlays needed to carry on existing policies and programmes for the the subsequent fiscal year under various economic assumptions. Thus Congress will next month be given the detailed raw material necessary for preparing its own analysis of the requirements of the year beginning October 1, 1977.

The next step is the publication in January of the President's Budget, containing the spending and tax proposals of the Administration. These are subjected to hearings in both House of Representatives and Senate under the auspices of two newly constituted bodies—the House and Senate Budget Committees. They are also commented upon by all the existing legislative committees of the House and Senate. On the basis of all this, the two Budget Committees have to report, by mid-April, to the House and the Senate their recommendations on the economy and the Budget, in the form of targets for total spending, for total revenue, for deficit or surplus and for the public debt, as well as for spending by various functions such as health, education, transport, industry and defence. When these targets have been debated and, if necessary, amended by both houses of Congress they are adopted as a joint resolution.

This first budget resolution of the year is intended to act as a guide to Congress's legislative and spending decisions during the summer months. It does not bind either House, but it is intended to influence them strongly. During the past 12 months it certainly did so, partly, perhaps, because of the general political climate, but partly because of close liaison between the budget committee chairmen, Senator Edmund Muskie and Congressman Brock Adams, and the leadership in each House.

By the second week in September, all the new spending and tax legislation for the following year is supposed to be completed. At this point the two Budget Committees review the actual decisions taken, give the economy a final review and then recommend a second and binding Budget resolution for the year beginning on October 1. After its adoption the Congress cannot consider any legislation which would increase spending above the spending ceiling, or reduce taxes below the revenue floor. If the Budget Committees decide that the situation has changed drastically since the Spring, they can demand legislation raising or lowering spending or taxes for the year but these actions must be completed a working week before the new fiscal year begins.

The successful implementation of this complicated timetable during the fiscal year which has just ended has created quite a new situation in Washington. In the first place it has set up a powerful new counter - bureaucracy. Each Budget Committee has a high-powered staff of 65 or so people to service it, and there is a new Congressional Budget Office with 200 staff providing overall economic assessments and project studies jniotly to both Houses. The total cost of this operation is probably not more than $10m. at the outside and there is a certain amount of rivalry between its branches to prevent excessive concentration of power. Nevertheless from the point of view of the Executive—and also of the Congress—an important new set of expert opinions now has to be taken into account.

Limited term

Then there are the repercussions on the Washington power-structure. In the House of Representatives there has been a further erosion of the power of theold Congressional barons, the Chairmen of the Ways and Means, and Appropriations Committees, and an increase in the power of the party caucus that elects the Chairman and members of the Budget Committee for a limited term. It remains to be seen what a new, strong Democratic leadership in the House will make of this when Congressman "Tip" O'Neill succeeds the weak Carl Albert as Speaker in January, but we can be sure that the next President, whether Mr. Ford or Mr. Carter, will find his economic freedom much restricted in comparison with recent years.

But what are we to make of these developments in terms of own British experience? Clearly we cannot simply transport the new apparatus to London holus-bolus. The Government is not about to spend a lot of money creating legislative difficulties for itself; and even if it could be persuaded to do so, it still controls the votes of the legislature. On the other hand if the House of Commons and its Expenditure Committee are permitted, and indeed enjoined, to exercise a monitoring role in relation to the economy, why on earth should they be prevented from tackling the job in something like the logical and business-like fashion which the Americans have now adopted?

Of course there are special difficulties about the control of British public expenditure which arise from the way in which we deal with the nationalised industries and the local authorities: but that is no conclusive argument against taking some important leaves out of the American book. It cannot be right, for instance, to have three different systems of accounting—the constant price system underlying the public expenditure white paper, the Estimates price basis for Parliamentary control and now the Cash limits basis. It cannot be right that expenditure decisions and priorities are never related in Parliamentary discussion to taxation. Treasury Ministers and officials may argue that the will to undertake the laborious task of bringing all the threads of the economic decision-making process together has been lacking on the back-benches of the House of Commons, but under our system it is the Government which must provide a rational and comprehensive framework of debate.

Letters to the Editor

...e green ...und

From Mr. W. Legg.

Sir,—The dilemma created by ...luctance of the U.K. to ...g the "green pound" is ... enough: the distortion of ...e prices to the advantage ... 97 per cent. of the popu... who are consumers is at ... expense of both the 3 per ... of the (politically weak) ...tion who are producers ...he strong currency coun... in the EEC—especially ...any (and more so with the ...t revaluation of the ...chmark). Anything that ... potential upset to the U.K. ...ies policy — however ...al—is rejected, such is the ...riousness of the present ... to-day" economic policy.

... M. Lardinois' suggestion ...ber 20) of substituting ... form of "direct" con... subsidy for a green pound ...ation is inadequate: to ...t to make a positive sug... which is only a tinker... the surface of the prob... ...ut which attempts to con... ...e inconsistencies is a sad ...ion on the agricultural ...

...uld make two suggestions: ... a quid pro quo for a ... pound devaluation, the ...hould insist on a radical ... on the problem area ...e agricultural policy: ... dairy sector, and a ... attempt to determine ...istered price relatives in ...ith world prices. If the ...problem is of too many ...producers, then a producer ... should only be paid ... minimum output (a ... tax on efficiency). (2) ... favours a minimum price ...me farm products through ...tervention system, yet dis... with Britain's demand for ...imum price for oil. Despite ...al economies of fixing mini... prices (especially for oil, of ... the U.K. is a major con...t, and would therefore be ...g the terms of trade ...f herself), this is surely a ...ming framework.

...egg.
...urer in Economics).
...ester Polytechnic.
... Street, Coventry.

...onitoring ...hools

From The Headmaster, ...m School.

Sir,—I fully support Joe ...y's thesis (October 20) that ...ls should be required to ... a basic curriculum, and ...eachers' performance in so ... should be monitored. He ...on to state, however, that ...method of monitoring is a ...r of detail. In fact I ...e it to be the heart of the ...em.

... the independent sector ... our curriculum and our ...rmances as teachers are in ...ice monitored by a mixture ...arents, school governors, ...ination boards, the teachers ...selves, and a degree of com...on with other schools. The ... of the parent as consumer ...specially important, while ...overnors, who control the ...'s finances, have a far ...ger and more informed ... to play than do the rubber... governors nominated by ...al education authority. A ... Tyndale situation ...ops precisely because state ...ls are so laxly monitored ... also because teachers are ...ded overmighty protection ... the legitimate wishes of ...nts.

...less and until the parent, ...gh the voucher system, is ... his rightful recognition in ... monitoring process, I fear that all attempts to monitor state schools will be in danger of running into authoritarian measures by the inspectorate or LEAs. But the introduction of the voucher system requires a major revolution in state educational thinking and attitudes and is, alas, far from being Joe Rogaly's optimistic "matter of detail."

J. D. Buchanan.
Oakham School.
Chapel Close, Oakham,
Rutland.

Accounting for inflation

From Mr. M. Earl.

Sir,—In discussing the implementation of current cost accounting, Michael Lafferty (October 13) suggests that for the sake of speedy implementation, the accounting profession might be wise to introduce a partially incomplete system pending resolution of the outstanding problems. I would argue that this is precisely what should *not* happen.

One benefit of devising an inflation accounting system is hopefully to produce accounts which are internally consistent. In other words we should not measure certain items in the accounts on one base and other items by another, but rather construct our accounts on one theory of value and income measurement.

Sandilands attempted to select such a base which best satisfied all users of accounting information. If we implement a partial system for the sake of speed we face the risk of introducing inconsistencies in the later phases, or even worse, of having to undo some of the initial standards. If the present disagreements over say monetary items were purely of practical procedure, we could afford to implement a partial system until these difficulties were solved. The disagreements are more fundamental, however, and must be resolved to the tolerable satisfaction of all before any inflation accounting is implemented.

For example if it were eventually agreed that monetary items should be indexed in some way, there may then be new arguments over the treatment of non-monetary items. Questions of measurement base would be raised again, accusations of double counting be made, and anguish expressed from quite different sectors that their performance was being misrepresented. Users of accounts would be more confused than ever.

No — we must agree on the fundamental issues before any inflation accounting standards are implemented. In particular it is vital that a measurement base of consistency is used. We may never agree which is the "right" base, but we must ensure that a consistent base is adopted.

Michael J. Earl.
Oxford Centre for
Management Studies,
Kennington,
Oxford.

'Current value' preferred

From Dr. C. Turchi

Sir,—All the arguments about the different forms of inflation accounting and more recently, the loud exasperation at the "continuing non-accounting for inflation" (please see Professor Mydoelton's letter of October 14) leave the great majority of managers quite unmoved if not unamused.

As Professor Standish put it (December 12, 1975) British enterprise will not flourish until the capital market gains confidence that opportunities for profitable investment exist and unless business succeeds in taking advantage of those opportunities. This in turn requires a blend of factors, such as managerial skill, labour co-operation, genuinely supportive governmental policy and so on. Inflation accounting probably comes about on the bottom of an impressive list of factors crucial to British businesses' profitability and competitiveness at home and abroad.

On the other hand, and long before the Accounting Standards Steering Committee had begun its analysis of inflation accounting procedures, companies had learnt to live with "hyper" and "run-away" inflation and its consequences, when governments were unable to halt it.

For many decades before we started even noticing inflation in this country, companies operating abroad had been struggling with the problem of protecting corporate profits against steep rates of inflation and very often, their battles had been won brilliantly.

A review of a number of strategies that have proven to be useful under these conditions, indicates that "current value" statements, showing significant up-to-date value changes as supplemental data in historical cost or price-adjusted statements, are preferred to "general price-level adjusted statements" or those presenting historical costs in terms of current purchasing power: CPP.

Current values may be significantly different from the cost amounts shown in price-level adjusted financial statements: many managers believe that this type of information is essential in evaluating companies for investment purposes and in assessing management abilities. The objectives of financial statements would be furthered if information as to the "current" values of resources and obligations were to be disclosed.

The U.S. Institute of Certified Public Accountants (the main American professional body) has long decided to strongly recommend disclosure of this information. The American accountants' decision, incidentally, has been taken without any Governmental interference whatever.

Costánzo M. Turchi
(Lecturer in Management
Studies at Thames Polytechnic),
53 Pier Avenue,
Herne Bay,
Kent.

Solar energy costs

From Mr. R. Tomkins

Sir,—May I re-enter the ring and see whether Mr. Silver's or Mr. Chapple's bells (October 8 and 13) ring more loudly. To do so I will give some simple figures in support of my original conclusions.

The amount of solar energy incident in the southern half of this country averages not more than 1100 KWh per square metre of collector per year. For a typical system of 4 square metres the amount of energy is therefore 4400 KWh. In practical situations, solar energy collectors are at the most 45 per cent. efficient in converting solar energy into useful heat, so that the energy saved will be about 2000 KWh. At the current cost of electricity (the most expensive way of heating water) the value of energy saved will be £42. After allowing for the cost of running the electric pump the net saving will be about £38, or a little less than half the saving claimed by Mr. Silver for his system.

Like the performing dog who spoke English badly, the amazing thing about solar energy is that it should work at all, not that it should work well. The savings claimed by Mr. Silver may be possible in a hotter climate such as the middle of the Sahara desert. If he were to set his solar energy system up there I certainly would not try to stop him.

Raymond Tomkins.
(Lecturer), Department of
Management Science, Imperial
College of Science and
Technology,
Exhibition Road, S.W.7.

Felixstowe docks

From The Chairman,
European Ferries.

Sir, — While appreciating British Transport Docks Board's anxiety to further its plan forcibly to nationalise Felixstowe Dock—I feel that it is not appropriate for its chairman, Sir Humphrey Browne, to write public letters (October 21) without first checking his facts.

Sir Humphrey excuses BTDB pressure last year on Felixstowe to put up its charges by claiming that the then chairman of Felixstowe was desperately worried about the financial position. I find it difficult to reconcile that statement with the fact that the then chairman publicly announced profits to December showing a useful increase on the previous year.

It is claimed that the House of Lords Select Committee has fully considered the whole matter. The fact is that our Parliamentary Agents twice called on Sir Humphrey Browne's advisers to produce the letter about which Michael Heseltine complained. On both occasions the request was refused.

Sir Humphrey's claim that BTDB's "advice" to Felixstowe was accepted is totally incorrect. Our predecessors at Felixstowe took a conscious and documented decision to reject BTDB's pressure. They did so on the recommendation of their operational manager who felt that an arbitrary increase in prices would be bad for the port.

Lastly, Sir Humphrey comments that it is necessary to see corespondence in its context. That at least is true, but it is a pity that his advisers prevented the Select Committee from doing so.

K. D. Wickenden.
4th Floor, Trafalgar House,
11, Waterloo Place, S.W.1.

Public sector pensions

From Messrs. G. Palmer,
J. Robb and G. Hyatt.

Sir,—We refer to the letter from Mr. A. Furse (October 20) regarding the cost and inequity of index linked public sector pensions.

Many people overlook the cumulative effect of the annual increases. Using Mr. Furse's figures, public sector pensions will increase by over 63 per cent. in three years. We believe this to be a gross injustice both to other pensioners and the general working population.

Mr. Furse quite rightly makes a comparison with the provisions that the self employed can make for their retirement. But this is not the complete story. Many people are employed by smaller firms such as ours which have no pension scheme for their staff. The rules governing their pension provisions are the same as those for the self employed (except for statutory N.I. contributions). Further, meddling by successive Governments deters small firms from introducing staff pension schemes of any sort, let alone those requiring contributions totalling 24 per cent. of salary. Meanwhile, the rest of us go on paying for the increases in the pensions of the privileged few. It is high time the injustice was corrected.

G. A. Palmer, J. W. Robb, and
G. M. Hyatt.
H. J. G. Samuel and Partners.
27, London Road,
Bromley, Kent.

Competition or solutions

From Professor J. Lockwood
Taylor.

Sir,—One should of course let bygones be bygones, but after fighting Germany in two world wars, it seems we are now reduced to depending on her charity to exist, at the same time as we implore the Japanese not to compete too hard.

One can argue that these nations are over-disciplined (and probably inbred and still potentially explosive into the bargain) but if they are over-disciplined, Britain certainly seems to be under-disciplined. Is there no happy mean?

I do not really know the answer but to make a practical suggestion, could not these hors concours countries take a lead in tackling the world's serious environmental problems? If their competitiveness should marginally suffer, would this be so serious?

J. L. Taylor.
Prost Castbergs V 10,
7000 Trondheim,
Norway.

Tax concession for exports

From Mr. G. White

Sir,—In the present plight of this country a significant contribution to eliminating our problems would be made if there was a dramatic increase in exports —I don't think anybody would disagree with this statement. Manufacturers with experience of export markets, however, must often ask themselves what incentive there is to become more deeply involved, or involved at all for that matter.

The costs of representation, of visiting foreign customers, of having sales literature prepared in foreign languages, or transporting goods to foreign companies, etc., are all considerably higher than the corresponding costs in the home market, but the Government in its wisdom does not give any financial assistance or recompense whatsoever; in fact, if anything, the disincentives are considerable.

I would suggest, therefore, that if progress is to be made in this field a corporation tax concession should be given on profits made in export markets. The basis on which this was done would have to be simple, otherwise I have no doubt the costs associated with the increase in the number of civil servants to administer such a scheme would far outweigh the benefits, but nevertheless it should not be beyond the wit of a top civil servant in the Treasury to devise such incentives.

G. White.
2, Orchard Street,
Crawley, Sussex.

To-day's Events

Mr. Edward Short MP, chairman, North of England Development Council, presides over one-day conference, "Devolution North," which will examine Government proposals and their possible effects, Civic Centre, Newcastle upon Tyne.

Mrs. Margaret Thatcher, Opposition leader, speaks at Glasgow Newspaper Press Fund lunch, Grosvenor Hotel, Glasgow.

Mrs. Barbara Castle MP addresses public rally of Labour Party's Eastern Region, Borehamwood, Herts.

Mr. John Methven, CBI director-general, speaks to Institute of Personnel Management conference, Harrogate.

Plaid Cymru conference continues, Aberystwyth.

Lord Mayor of London attends 300th anniversary service of Church of St. Magnus the Martyr, Lower Thames Street, EC3, 12 noon.

People who acquire dangerous wild animals as pets must have a licence from to-day. Existing owners will need one from January 20.

PARLIAMENTARY BUSINESS

House of Commons: Debate on agriculture.

House of Lords: British Transport Docks (Felixstowe) Bill, third reading. Sexual Offences (Amendment) Bill, second reading.

OFFICIAL STATISTICS

New vehicle registrations (September). Net acquisition of financial assets, analysis by sector: appropriation account of industrial and commercial companies; and financial accounts of industrial and commercial companies and personal sectors (second quarter).

COMPANY RESULTS

Coates Brothers (half year). Ever Ready Company (Holdings) (half year). Pontin's (full year). Staflex International (half year).

COMPANY MEETING

Deborah Services, Wakefield, 12.

COMPANY NEWS + COMMENT

Selincourt up 80% to £1.09m. at midterm

ON TURNOVER 15 per cent. higher at £20.55m., garment and textile manufacturers, Selincourt lifted pre-tax profits by 80 per cent., from £603,000 to £1,087,000 in the six months to July 31, 1976.

And the directors say that despite inflated costs and the low exchange rate, second half profits are expected to exceed substantially those for the first. Profits for the full year to January 31, 1976, came to £1.52m.

The interim dividend is lifted from 0.35p to 0.4p net per 5p share costing £165,157. Last year's final was 0.44p.

Members are told that Tricosa, the French offshoot with distributing subsidiaries in England, Australia and New York, is making significant progress. Exports from the U.K. were 38 per cent. higher at £2.16m.

	Six months 1976 £000	1975 £000	Year 1975-76 £000
Turnover	20,549	18,129	39,902
Profit before tax	1,087	603	1,520
Tax	564	343	1,058
Net profit	523	260	462
Minorities	4	4	6
Extra-ord. profits	—	—	79
Attributable	519	256	535
Dividends	168	148	302
Retained	351	108	233

● comment

Following on from the improvement towards the end of last year Selincourt's interim profits are up by 80 per cent. for recovery plus with the latest figure nearly a fifth higher than the previous peak. The major feature behind the improvement is the recovery of the French fashion group Tricosa. After two and a half years of reorganising that subsidiary it has at last returned to a profit with a £30,000 contribution against a loss of £240,000 during 1975-76 (the majority of which came in the first half). For the full year Tricosa could make £½m. Meanwhile MacDougall (Scottish knitwear) is showing a reduced loss and could be near to break even by the year end, while the textile division (curtain nets, pile and dress fabrics) evidently had a good first half. Overall the full year could produce close to £2½m. pre-tax which points to a prospective p/e of only 3.5 at 10½p and covers a maximum dividend (giving a yield of 13.2 per cent.) 3.3 times. However, borrowings remain high at a level similar to last January when at £8.3m. they equalled double the shareholders' funds ex-goodwill.

HIGHLIGHTS

First-half profits at UBM (covered in Lex) are sharply lower, but the forecast is for a significantly better second half while the interim dividend has been maintained. Elsewhere, interest charges have held Matthew Holdings back but the French operations are benefiting from the decline in sterling. Like the other employment agencies Brook Street has suffered from the severe drop in volume of job placings but the half-time figures are somewhat better than the recent batch from the sector. The residential development sector is another in the throes of a depression and sales at Fairview are substantially lower while borrowings remain at a very high level. With growth in the aircraft support and engineering divisions Hunting Associated Industries has increased interim profits 53 per cent. on a sales gain of 42 per cent.

Advance by F. W. Thorpe

Manufacturers of "Thorlux" lighting equipment, F. W. Thorpe reports turnover up from £2.09m. to £2.42m. for the year to June 30, 1976, and an advance in pre-tax profits from £278,789 to £314,412 after £160,404, against £136,718 for the first half.

The final dividend is 0.759p net per 10p share lifting the total from 1.19p to 1.309p.

Walker & Homer pays more

FROM REDUCED earnings of 2.81p, against 4.78p per 5p share, manufacturing upholsterers Walker and Homer is raising its dividend from 1.17927p to 1.3p net for the year to July 31, 1976, with a final of 0.85p. Treasury consent has been obtained.

Turnover was down from £6.43m. to £5.78m., and pre-tax profit contracted from £582,014 to £360,977, after a slight increase from £253,426 to £255,002 at half-way.

The year's tax charge is £201,300 (£310,227). Cost of the dividend is £73,927 (£66,972) less £1,700 (nil) waived.

Receiver for John Hastie

THE GREENOCK ships steering gear manufacturers John Hastie and Co. were yesterday put in the hands of a receiver after suffering heavy losses over the introduction of a new design.

The collapse comes only ten months after more than £500,000 of fresh capital was injected by the shareholders, Lithgow (Holdings), and the Weir Group of Glasgow, matched by a similar amount from the DoI which holds a third of the equity.

Hastie and its subsidiaries, Caledonian Foundry and Barr and Co., (Brass Founders) employ a total of 539, of which half are likely to lose their jobs.

The company, a leading U.K. marine supplier, ran into cash problems 18 months ago over losses on the fixed price contracts prevailing in the marine industry. Agreement was reached in December last year on injection of the fresh capital but this proved insufficient to cope with continuing losses caused by technical problems with a new steering gear design introduced in 1973.

The receiver, Mr. Matthew McPhail, appointed by the Clydesdale Bank, is having discussions with the DoI and shareholders to see whether the business can be continued or a possible purchaser found for either of the companies or the whole operation.

BAT to expand in West Berlin

PLANS TO spend DM60m. on its West Berlin production and storage facilities have been announced by BAT Cigaretten-Fabriken, a subsidiary of BAT Industries.

The original factory has more than outgrown its original capacity of 5bn. cigarettes a year and the introduction of new machinery will allow more than double that level.

About DM35m. will go towards a 15,000 square metre production building due to be completed by the end of 1977 or early 1978. Also there will be a 9,000 square metre warehouse to replace the dozen or so dotted around W. Berlin.

Plant and machinery will take the remaining DM25m. and will allow the company to expand further if necessary. The company increased exports, mainly to Italy and Switzerland, by 34 per cent. last year, but exports constitute only a very small part of German output, which is running at about 40bn. cigarettes a year with the company claiming 39.4 per cent. of the West German market.

Part of the money is also being spent on improving and replacing employee facilities.

Midway rise by Viking

Revenue of Viking Resources Trust rose from £144,515 to £172,454 in the six months to September 30, 1976, subject to tax of £70,144, compared with £58,903.

Profit is struck after higher interest charges and expenses of £146,700, against £107,120. The amount available for Ordinary holders is £102,310 (£85,612).

Earnings per 25p share are up from 0.86p to 1.02p.

Net asset value per share was 95p (78p).

For the full year to March 31, 1976, pre-tax revenue was £192,728 and the net dividend 0.75p.

At end September, 1976, investments amounted to £10.61m. (£7.41m.), the dollar premium £1.17m. (£0.45m.) and net cash and deposits £0.3m. (£1.97m.)

Net asset value per share, after deducting prior charges at par, was 95p (78p)

Hunting Associated sees £3.3m.

PROFITS before tax of Hunting Associated Industries for the six months to June 30, 1976 show an increase from £1.08m. to £1.65m., and the directors consider that results for the second half should be similar to those now reported.

Earnings per 25p share are 9.16p compared with 7.45p adjusted for last year's rights issue. The net interim dividend is lifted from 1.15p to 1.25p and subject to Treasury approval, the directors intend to recommend a final of 1.39p making 2.64p for the year against 2.4p previously.

The results exclude the Rhodesian subsidiary of Field Industries Africa.

The group trades in aviation support, engineering, technical marketing, survey consultancy and photographic services.

	Six months 1976 £000	1975 £000	Year 1975 £000
Turnover	32,596	22,096	51,988
Profit	1,624	1,064	2,824
Associates profit	30	14	80
Profit before tax	1,654	1,078	2,909
Taxation	890	527	1,453
Net profit	764	551	1,456
Minorities	36	24	65
Attributable	728	527	1,391

● comment

With a slight increase in margins from 4.7 per cent. to 5.0 per cent., Hunting Associated Industries has increased its interim profits by 53 per cent. on a 42 per cent. rise in turnover. The bulk of the advance came in the aircraft support and engineering divisions and there was a boost from aircraft sales. Overseas growth was fastest in Canada while there was little progress in South Africa. On doubled profits (which suggest a downturn in the second half), the prospective p/e is a modest 3.3 and the prospective yield at 67p is 6.2 per cent.—not quite enough to make the shares attractive in a yield conscious market. At least the shares are off their 1976 bottom, even though 26 per cent. down from the 1976 peak.

Terry Kirk

Eric and Margery Hurst, joint chairmen of Brook Street Bureau.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Alliance and Dublin Gas	5(b)	Nov. 26	5	—	10
Audio Fidelity	1.8	Jan. 4	2.0	1.8	2.0
Brook Street Bureau int.	1.17	Jan. 4	1.73	—	4.2
Burndene Inv.	0.46	—	0.5	0.91	0.83
Clayton Son int.	1.07	Jan. 6	0.98	—	3.58
Coral Leisure int.	5.0†	Nov. 20	3.52	—(d)	5.82
Fairview Estates	2.53(a)	—	—	2.53	5.06
GHP Group int.	3	Jan. 4	2.45	—	7.31
Globe Investment int.	1.5	Dec. 30	0.95	—	3.35
Gopeng Con. 2nd int.	6.0	Jan. 6	4.5	—	11.0
Greenbank Industrial int.	1	Nov. 29	0.49*	—	1.82*
Guildhall Property	1.66	Dec. 9	1.48	2.17	1.99
Hunting Associated int.	1.25	Nov. 26	1.15	—	2.4
Industrial & Gen. Tst. int.	0.5	—	0.42	—	1.24
London & Manchester Assurance int.	2.25	Dec. 1	2.05	—	4.64
London & Montrose 2nd int.	3.5	Nov. 26	3.0	4.5	4.0
Matthews Holdings int.	1.1	Jan. 14	1.1	—	3.09(c)
Stanley Miller int.	0.51	Nov. 30	0.51*	—	1.15*
New Ireland Ass. int.	1.0	Nov. 23	1.0	—	3.0
Scottish Mortgage int.	0.9	Dec. 1	0.7	—	2.4
Selincourt int.	0.4	Dec. 10	0.35	—	0.79
S. Simpson	1.49	—	1.49	2.8	2.8
Spencer Gears (Hldgs.)	0.69	Jan. 4	0.61	0.97	0.89
Streeters of Godalming int.	1.0	—	0.5	—	2.07
F. W. Thorpe	0.76	—	0.69	1.31	1.19
UBM Group int.	1.76	Jan. 2	1.76	—	4.2
Walker & Homer	0.85	Dec. 6	0.83	1.3	1.18

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) For six months. (b) Gross. (c) For 15 months. (d) Total of 8p is forecast.

Brook Street £114,000 at midway

INVOICED CHARGES for the first half of 1976 of Brook Street Bureau of Mayfair amounted to £4.7m., against £5.54m. for the corresponding period of 1975, and pre-tax profit was down from £511,058 to £113,719. For the year 1975 profit decreased from £1.28m. to £0.68m.

Tax for the six months takes £86,736 (£264,020).

Profits for the half year, the directors state, were consistent with forecast and reflect an improvement in the U.K. toward the end of the period as well as a trading loss of some £50,000 in Australia.

Disadvantageous conditions persist in Australia and further losses must be anticipated during the second half, they add.

Branches in America are now operating profitably.

At home, where 95 per cent. of the business is derived from employment agency activities, a degree of caution continues appropriate to the continuing elements of uncertainty in the economy.

However, the rate which profits have been earned since the latter part of May suggest a return to more acceptable levels, the directors add.

An unchanged interim dividend of 1.173p net per 10p share is declared. Last year's total was 4.204p.

In computing profits for the half-year no account has been taken of gains arising from the conversion of overseas assets at rates of exchange ruling on June 30, 1976, it is stated.

● comment

Brook Street's interim profits—78 per cent. lower before tax—tell a similar, if slightly happier story to those of both Reed Executive and Alfred Marks which were seen earlier this week. The group has seen a turnround to losses in Australia of around £100,000 but as with the other two companies the main downturn reflects the slump in volume of job placings. During the 8 months to last August, Brook Street saw these fall by around 20 per cent. in volume terms, with temporary placings showing the more savage decline. Although there has been some evidence of a pick-up in the last few months its seems unlikely that current year profits will be sufficient to cover a maintained dividend. However, the group's balance hseet is still strong (net cash is still around the £1.2m. level in last accounts) and the historic yield of 21.6 per cent. at 31p seems in no real jeopardy. This compares favourably with Reed which cut its interim dividend and Marks which passed its half-time payment.

IN BRIEF

ASHMOLE INVESTMENT TRUST—For half-year ended June 30, 1976, gross revenue £63,356 (£67,493). Net revenue (after expenses and estimated taxation) available for Ordinary £16,355 (£23,406). Taxation £14,117 (£14,737). Earnings per share 0.46p (0.64p). At end June, 1976, total assets (other than freehold properties) at market value, less current liabilities, including full dollar premium of 45½ per cent. (71½ per cent.) where applicable £2,214,136 (£2,258,261 at December 31, 1975). Freehold properties not less than £600,000 (same). Equity value per 25p share, after deducting prior charges at par 63p (62p). Interim dividend 0.335p (0.335p) already paid. No allowance has been made for the loss of premium amounting at June 30, 1976, to £25,660 (£40,535) which would arise on the sale of foreign currency securities. Since June end most of the investments have been sold and the proceeds are now held on deposit or invested in short-term Government securities. Presently, arrangements are being made for the disposal of the properties and should these fetch approximately the amount mentioned as the directors' valuation, the present asset value of the company should amount to around 57p per share after allowing for all contingent capital gains tax liabilities, say the directors.

CANNOCK AND CO. (retail drapers and warehousemen, Limerick)—Turnover £2,450,000 (£1,946,000) for 28 weeks to August 14, 1976. Pre-tax profit £35,000 (£24,000), tax £17,000 (£12,000), extraordinary debits £40,000 (nil), loss after extraordinary items £22,000 (profit £12,000). Interim 9.75 per cent. net (same). The Board states that trading in the year to date has been satisfactory and in line with budget and they expect total dividends will be not less than in preceding year.

Matthews up to £0.75m. so far

ON SALES of £64.9m., pre-tax profits of the food based group Matthew Holdings came to £753,000 for the half year to July 3, 1976. This compares with sales of £53.57m. for the same six months of the previous 15-month period and profits of £452,000 struck after an exceptional loss of £285,000.

The Board points out that with the financial year now ending in early January the pattern of trading has changed in that turnover and profit of the second half (including the Christmas trading period) will exceed very substantially that of the first.

In the absence of unforeseen circumstances the directors expect a growth in earnings and total dividends not less than the annualised 2.4732p per 10p share paid last time.

Meanwhile the interim payment is again 1.1p net. The total for the 15-month period was 3.0915p paid from profits of £2m. First half earnings are shown at 1.28p (1.05p) before extraordinary items.

	Half-year 1976	1975	15 months 1975-76
External sales	64,901	53,574	145,459
Profit	753	737	2,858
Exceptional loss	—	285	854
Pre-tax profit	753	452	2,004
U.K. tax	151	*53	*267
Foreign tax	278	162	681
Net profit	324	237	1,056
Minorities	59	24	201
Extraord. profit	†64	‡329	‡806
Pref. dividends	8	8	22
Leaving	321	115	333
Interim Ord.	221	144	534
Retained	100	‡259	‡201

Results for half-year to June 30, 1975, have been extracted from 15 months trading period to show direct comparison. The 15 months results include two Christmas periods and cannot be directly related to 12-month or six-month trading results. *U.K. tax charge for 15 months period had benefit of prior year tax credit of £324,000. Resulting rate has been applied to the computed results for six months to June 30, 1975. †Comprises profit on redemption of Dawson and Barfos debenture of £130,000 less termination losses following the sale of the business of Dawson MMP of £66,000 net. ‡Losses.

The comparative period of 1975 includes Dawson and Barfos in order to show a strict comparison between the two periods.

The strongest contributors this year were Boucheries Bernard and Dawson and Barfos with profit increases above budget. The efforts being made to improve the performance at Thamesmead are now paying off and present trends indicate that the factory should achieve profitability early next year. Other group companies at least maintained their positions but interest charges and other expenses inevitably increased.

At a meeting held yesterday the Board announced that every effort was being made to expedite the EGM due to be called to approve arrangements with the Crystal Palace Football and Atheltic Club relating to its property at Selhurst Park.

Development proposals were being considered and assessed by the company and its professional advisers and the Board would make an announcement and convene the meeting as soon as a decision was made.

● comment

Clearly interest charges over a third higher are stifling the benefits of the 21 per cent. rise in turnover for Matthews Holdings. The French operation is doing well and since it accounts for over 40 per cent. of profits is also benefiting usefully from the decline in sterling. In the U.K. the meat retailing side has been hit by the hot summer but the fruit juice and products essences have been buoyant. The new £2m. Thamesmead food factory is still running at a loss but should break even next year. However, there is still no sign of the long-awaited extraordinary general meeting to discuss the proposed £275,000 property deal with Crystal Palace Football Club. Matthews are hoping to develop the site and its value has been confirmed by independent valuers. But planning permission has not yet been received although according to the terms outlined in the last balance sheet, completion has to take place before 30th November. Until the management reveals plans Matthews' share price is likely to continue languishing around 31p where it is yielding about 15 per cent.

Globe Trust advance

GROSS REVENUE of Globe Investment Trust improved from £2.9m., to £3.56m. in the six months ended September 30, 1976 and revenue before tax was £3.09m., against £2.46m. for the same period last year.

As foreshadowed, the interim dividend is lifted from 0.95p to 1.5p to reduce disparity—last year's total was 3.35p.

Net earnings for the first half were £1.96m., against £1.54m. after tax of £1.14m. (£0.92m.).

Quoted investments at September 30 were valued at £96.72m. (£107.94m. at March 31, 1976), and unquoted £5.7m. (£5.28m.). Net current assets were £2.15m. (£2.27m.). Net assets per Ordinary 25p stock unit amounted to 96p (107½p) or allowing for full loan stock conversion, 97½p (108½p).

The investment valuations include 10 per cent. of the investment currency premium where applicable. At September 30, 1976, this amounted to £7.19m., of which 25 per cent. would have been surrendered to the Bank of England if certain investments had been sold on that date (£6.51m.).

Audio Fidelity pays less

PROFIT, before tax, of Audio Fidelity was down slightly from £362,795 to £353,046 in the year to April 30, 1976, and the dividend is cut from 2p to 1.8p per share with waivers on 1.12m. shares.

When reporting first half profits of £138,218 (£137,976), the directors said there was a possibility that year-end results would at least approach the previous year's record.

In the current year so far turnover has been running at a much higher level and the directors indicate that results for the first half will not be less than the previous comparable period.

Stated earnings per share for the year are down from 6.86p to 5.86p.

	1975-76 £	1974-75 £
Turnover	2,818,296	2,376,[illegible]
Pre-tax profit	353,046	362,[illegible]
Tax	193,694	196,[illegible]
Net profit	159,352	166,[illegible]

Scottish Mortgage

Gross revenue of Scottish Mortgage and Trust Company increased from £1.95m. to £2.59m. in the half year to September 30, 1976 and pre-tax revenue advanced from £1.69m. to £2.08m. The figure for the year to March 31, 1976, was £3.32m.

Tax for the half year takes £0.97m. (£0.71m.).

Present indications are that in the second half there will again be an increase in earnings compared with the corresponding period last year.

The interim is being increased from 0.7p to 0.9p net per 25p share, mainly to reduce disparity. But it is expected that there will be some increase in the total—2.4p for 1975-76.

Fairview Estates Limited

PRELIMINARY STATEMENT—
AUDITED RESULTS
SIX MONTHS ENDED 30th JUNE 1976

	Six months ended 30th June 1976. £000	Year ended 31st December 1975. £000
TURNOVER	8,400	20,194
PROFIT BEFORE TAXATION		
Residential profit and rent income	1,072	1,675
Surplus realised on disposal of industrial investment properties	51	339
	1,123	2,014
An exceptional amount of £2,093,000 was written off the book value of developments in 1975 in arriving at the profits above.		
Taxation	(425)	(1,093)
Minority interests	—	(6)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	698	915
DIVIDENDS ON ORDINARY SHARES	2.528p	5.056p
Amount absorbed by dividends	272	540
PER SHARE		
Earnings representing profit after tax on residential development, property trading and net rental income	6.2p	6.4p
Realised surplus on industrial investment property disposal	0.3p	2.3p
Total attributable to shareholders	6.5p In six months	8.7p

Dividend

The dividend proposed by the Directors of 2.528p per share is the net payment to shareholders. Taking into account the tax credit available to United Kingdom shareholders the dividend is equivalent to 3.889p. This dividend relates to a six month accounting period and compares with an equivalent of 7.779p for the year 1975. The dividend will, subject to approval by the members, be paid to those shareholders on the register at the close of business on 12th November 1976.

Profits and Prospects.

Trading performance for the six months period concerned was as anticipated earlier this year.

The Company's contracted Rent Roll has been increased by £200,000 to £1,014,000 upon an annual basis. Enquiries for industrial space during the first half of the year were at an improved level. It is impossible as yet to see what affect, if any, recent economic developments will have upon this situation. Rent reviews due from mid 1977 upon the retained investments will result in further substantial increases in the Rent Roll and capital value. Strong demand in the investment market for prime properties has further enhanced the capital value of the Company's portfolio.

House sales for the period were achieved as anticipated and the current level of enquiries from new purchasers is satisfactory.

The Company is in an improved financial position to face the current national difficulties and well placed to take advantage of any improvement in the future.

D. J. COPE
CHAIRMAN.
21st October, 1976.

Fairview

UBM down at half time, but now improving

SPITE AN increase in sales m £70.07m. to £80.24m., pre-tax fits of builders merchants, etc., M Group slipped from £1.71m. £1.1m. for the six months to gust 31, 1976.

In spite of increased interest arges chairman, Mr. M. G. llips expects second half ults to be significantly better he warns that in a group, re volume is all important final outcome will depend to large extent on general economic conditions and the level of vity in the building industry. fits for all 1975-76 were £2.93m. he interim dividend is held at 87p net per 25p share. Last r's total was 4.2p.

	Six months £000	£000	Year £000
	80,235	70,058	148,738
tax	1,109	1,709	2,933
	566	897	*1,092
	543	812	1,841
credits	235	180	408
dend	13	13	26
able to Ord.	765	979	2,234
dividend	694	682	1,653

ter being reduced by £375,000 in of over provision in previous

Trading conditions have continued to be difficult but benefits of the major reorganisation are beginning to be felt. Although tax profits are 35 per cent. down, the chairman points out that they are roughly comparable with the second half of 1975-76.

With the ending last December of the group's index linked pay scheme and strict control of other costs it is expected that expense ratios will move in the group's favour in the second half. In addition, the recent launching of a new catalogue should provide impetus to trade. It has been received by customers and early indications are that it will be very successful, says Mr. Phillips.

See Lex

At halfway, reporting a rise in the pre-tax surplus from £197,350 to £239,510, the directors said they expected an increase in the full year result, but it might not be at the rate indicated by first half figures.

Full year earnings are stated at 3.74p (3.36p) per 25p share and the dividend is lifted from 1.9855p to 2.1655p net with a final of 1.663p. The company is close.

Burndene achieves forecast

COMPARED with a forecast of about £0.46m., pre-tax profit of Burndene Investments was £0.48m. for the year to May 29 1976, against the previous year's figure of £0.59m. At halfway profit was £0.21m. (£0.38m.).

Annual earnings were down from 3.2p to 2.7p per 5p share and the dividend is stepped up from 0.8297p to the maximum permitted 0.91p net, with a final of 0.455p.

The company makes caravans, mobile homes and clothing, and has interests in property development.

	1975-76 £	1974-75 £
Turnover	9,934,342	8,949,993
Pre-tax profit	483,365	587,377
Tax	240,783	304,771
Extraordinary items	—	240,803

London & Montrose dividend up

London and Montrose Investment Trust is raising its dividend from 4p to 4.5p net per 25p share for the year to Sept. 30, 1976 with a final of 3.5p. Earnings increased from 4.19p to 4.63p.

Gross income rose from £763,521 to £829,879. Tax absorbs £301,700 (£283,357), and revenue available for distribution was £461,699 (£418,885).

Net asset value per share was 204p (173p).

Greenbank Industrial progress

AN IMPROVEMENT in pre-tax profit from £389,010 to £594,597 is announced by Greenbank Industrial Holdings for the first half of 1976. The company, which is no longer close, operates as engineers and property developers.

The net interim dividend is 1p per 10p share, compared with 0.4866p adjusted for the one-for-two scrip.

Last year's net total was equivalent to 1.82p and profit a record £0.97m.

	First half 1976 £	1975 £
Sales	3,029,455	2,515,308
Depreciation	31 297	24 048
Pre-tax profit	535,046	342,795
Tax	309,190	202,285

Industrial & General revenue up

Gross income of Industrial and General Trust increased from £3.68m. to £3.92m. in the half year to September 30, 1976. The figure for the year to March 31, 1976, was £7.17m.

The interim dividend is raised from 0.42p to 0.5p net per 25p share. Last year's total was 1.24p.

	Half-year 1976 £	1975 £
Gross income	3,921,724	3,680,366
Admin. and interest	1,416,270	1,300,648
Taxation	962,354	889,267
Available Ord.	1,542,528	1,490,571

Net asset value per Ordinary share 58.6p (58.9p).

Guildhall Property

Profits of Guildhall Property rose from £410,853 to £475,458 in the year to June 30, 1976, subject to tax of £235,879 compared with £[illegible],488.

Ellerman midway upsurge

FIRST HALF 1976 group turnover of Ellerman Lines expanded from £46.6m. to £61.04m., and pre-tax profit advanced from £4.26m. to £5.1m.

It would not be realistic to make a firm forecast for the year, the directors state, but they would be disappointed if the company failed to match its best ever profit, the £9.1m. in 1974. Last year's figure was £8.8m.

An unchanged interim dividend of 2.25p is declared on the privately-owned capital.

	Half year 1976 £000	1975 £000
Turnover	61,036	46,600
Trading profit	3,654	3,450
Investment income	3,362	2,354
Finance charges	2,113	1,529
Pre-tax profit	5,103	4,255
Taxation	2,533	2,340
Minorities loss	3	15

Chairman, Mr. D. Martin-Jenkins, says that the improvement in shipping and transport referred to last June was sustained.

In the first half, one of Ellerman City Liners' new 16,000 ton deadweight conventional cargo ships was delivered and her two sisters have joined the fleet since. In addition, EWL's "Hero" has been enlarged and re-delivered.

Because of the flexibility of capital allowances on ships it is expected that there will be no significant payments of corporation tax in respect of this year's results.

The brewery and wine and spirit merchant subsidiary, J. W. Cameron and Co., reports first half (to June 30, 1976) turnover up from £11.22m. to £14.38m., and an increase in pre-tax profit from £0.89m. to £1.37m. For the last full year (to September 28, 1975) profit was £2.18m.

The company became a subsidiary of Ellerman in September 1975.

An interim dividend of 0.3125p net (same) is declared.

	Half year 1976 £000	1975 £000
Turnover	14,379	11,275
Invest. income	22	31
Profit sale props.	71	—
Finance charges	159	164
Pre-tax profit	1,371	892
Taxation	715	408
Retained	508	332

First half profit was a record, but Mr. Martin-Jenkins warns that there have very recently been signs of a slowing down of beer sales.

On the travel division, he says that tour operations have been badly affected by the weak £, Spanish airport labour troubles and the hot U.K. summer.

Insurance operations held up well in a difficult underwriting year and on the investment side the group sold many of its equity investments ahead of the recent falls in stock market values, the chairman adds.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Coates Bros., R. H. Cole, Ellis and Goldstein, Ever Ready, Maxim Fashions, Stafiex International.

Finals—Ben Bailey Construction, Howard and Wyndham, Pontin's, Radley Fashions and Textiles.

FUTURE DATES

Interims—

Associated Leisure	Oct. 27
Amalgamated Power Engineering	Oct. 26
General Scottish Trust	Oct. 27
Gleves	Oct. 28
Henderson (P. C.)	Oct. 27
Hicking Pentecost	Nov. 17
Macdonald Martin Distilleries	Oct. 25
Newman Industries	Oct. 25
Photax (London)	Oct. 28

Finals—

Countryside Properties	Oct. 27
Golden Hope Plantations	Nov. 1

GHP up to £0.54m. so far

TAXABLE profit of G.H.P. Group —engineering, valves and controls —increased from £301,000 to £586,000 in the six months to June 25, 1976 and the directors say that profit in the second half should not be less than in the first.

The interim dividend is raised from 2.45p to 3p net per £1 share and the directors say they intend to recommend a final dividend at the maximum rate permitted. Last year's pre-tax total was £693,000 on which dividends of 7.31p net were paid.

Turnover advanced in the six months from £6,876,000 to £7,414,000. Net profit increased from £145,000 to £257,000.

The group's main activities remained well loaded with work of a more profitable nature with which they would expect to resume the pattern of profit growth interrupted in 1975, members are told.

First-half leap by Streeters

INCLUDING a first time contribution of £50,000 from activities in Saudi Arabia, pre-tax profits of civil works contractors, Streeters of Godalming, jumped from £[illegible]000 to £400,000 for the first half of 1976. Turnover expanded from £3.65m. to £5.78m.

The directors say that turnover for 1976 will exceed the £10.56m. of 1975, and profits, while not following the historical second half pattern, will be at a record level. Last year profits came to £[illegible]m., the highest ever was £[illegible],743 for 1973. The company is receiving a fair proportion of new work from an extremely difficult home market and the order book has been significantly increased by overseas contracts, they add.

First half earnings are shown to be up from 1p to 4.9p per 10p share and the interim dividend is doubled at 1p net. Last year's total was 2.06723p.

	First half 1976 £000	1975 £000
Turnover	5,778	3,649
Pre-tax profit	*400	96
	182	47
Minorities	8	—
Attributable	210	43

* Includes £50,000 share of profits in Saudi Arabia (40 per cent. of £125,000).

CMG turns in £133,000

A sharp rise in pre-tax profit from £30,941 to £183,318, on turnover up by 31 per cent. to £5.39m., is announced by CMG (Computer Management Group) for the 53 weeks ended May 2, 1976.

This bears out last year's forecast of increased margins on turnover with a less rapid growth of sales, say the directors.

The group provides computer based data processing services.

Since the balance sheet date capital expenditure of £85,000 has been authorised.

Coral Leisure well ahead

Trading of Coral Leisure Group remains buoyant and profits show a considerable improvement on those for the corresponding period of 1975, the directors state.

As known first half 1976 pre-tax profit increased from £3.59m. to £4.01m.

The interim dividend is lifted from 3.52p to 5p net per 10p share, and the directors repeat their forecast of a total of 8p (5.817p) for the year 1976 on capital increased by the March rights issue.

Continued growth by Clayton

Turnover of engineers, Clayton Son and Co. (Holdings), expanded from £1.71m. to £3.09m. in the first half of 1976, and pre-tax profit advanced from £133,639 to £234,309. For the year 1975 profits more than doubled to £[illegible],884.

	Six months 1976 £	1975 £
Turnover	3,089,031	1,712,689
Pre-tax profit	234,309	133,639
Taxation	119,120	39,096
Minorities	3,859	168
Attributable	111,339	94,375

The interim dividend is lifted from 0.975p to 1.0725p net per 50p share.

Ford & Carter creditors dividend after bank error

CREDITORS of Ford and Carter, the Norwich builders now in liquidation, stand to get a substantial dividend in due course instead of the nil-return they had been expecting. A ruling by a High Court judge yesterday—if upheld on appeal—is expected to make available to creditors a considerable sum which would otherwise have gone to the Midland Bank under a guarantee covering debts of other companies in the Wilson Lovatt group.

Mr. Justice Whitford held that the guarantee was invalid against Ford and Carter because it was signed 18 months after the company joined the group and was in an invalid and ineffective form.

The judge said that the "interlocking" guarantee—in which each company in the group agreed to cover the others' debts—was in the form of an addendum to similar previous agreements. It should have been re-signed by all the other guaranteeing companies. But this was not done.

As the guarantee was invalid, the appointment of a receiver by the Midland Bank after they had called on Ford and Carter to pay the debts of the group was also invalid.

In the action, Ford and Carter sued the bank and the receiver, Mr. Ralph Aylwin Haigh, for a declaration that the guarantee was invalid.

The judge said the action had been brought about because of the "inexplicable failure of the bank to take the simple steps necessary to carry out the intention of the parties which they knew perfectly well how to carry out two years previously."

The bank had known when other companies joined the group that the original parties must sign again if they were to be answerable, "severally and jointly," for the group debts. In those circumstances it was surprising that it was thought that when Ford and Carter participated in the group there was no need to do anything more than obtain signatures on Ford and Carter's behalf.

The judge ordered the bank to pay costs and granted a stay of execution of his decision pending appeal.

The judge also ordered an inquiry as to any damages to be awarded against Mr. Haigh for trespass and conversion of the company's assets, and an account of his profits and dealings in the company's affairs.

RECENT ISSUES

EQUITIES

Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P.E. Ratio
F.P.	—	£101½	850	AmricnMedInt.Inc($1)	900	+5	Q24c	—	1.5	—
F.P.	—	£29	£21¾	Berry Pacific Fd. US$1	£26	......	40c	—	0.8	—
F.P.	17/9	70	57	Borthwick (Thos.) 50p	58	+1	b6.5	2.0	14.5	5.4
F.P.	—	£30¼	£25¼	Dentsply Int. Inc. $1	£26¼	−¼	—	—	—	—
F.P.	—	£31⅞	£23⅛	Esmark $US1	£26¼	+¼	Q$1.52	—	3.2	—
F.P.	—	162	98	Tenux S.A. 11	150	......		—	—	—

FIXED INTEREST STOCKS

Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
F.P.	29/10	97½	97	Eastbourne Waterworks 9% Red. Pref. '83	97	......
F.P.	—	$99	$98½	Gotaverken 8¾% Notes 1983	$99	......
F.P.	—	LF99	LF98	Ind. Fund of Finland 9% Guar. Notes '84	LF99	......
F.P.	—	98KD	98KD	Korea Development Bk 8¾% Guar. Bonds1979	98KD	......
£10	4/2	11½	10½	Mid-Sussex Water 8% Red. Pref. 1981	10½	......
F.P.	28/10	98¾	97	Mid-Sussex Water 14¼% Red. Deb. 1982	98½	......
F.P.	28/1	103½	96½	Tate & Lyle 13% 1994-99	102½	−1
£25	19/11	25¾	24	York Water 15% Red. Deb. 1984	24⅝	......

"RIGHTS" OFFERS

Amount Paid Up	Latest Renunc. Dates		1976 High	1976 Low	Stock	Closing Price p	+ or −
F.P.	15/10	5/11	41½	28	Armstrong Equipment	33	−1
Nil	5/11	—	190	118	Bank N.S. Wales	125 pm	−3
F.P.	15/10	12/11	138	113	Black & Edgington	114	+1
F.P.	27/9	12/11	11	8	Bonas Webb	9	......
Nil	—	3/12	[illegible]	290	Broken Hill Props	310	−20
F.P.	22/10	12/11	56	51½	Brown (Matthew)	56	+2
F.P.	24/9	5/11	32	25	Buckleys Brew	31	......
Nil	29/10	12/11	[illegible]	55	Comm. Bk Aust.	60pm	−7
Nil	—	—	98s	81s	Doelkraal Gold Mining	3pm	−2
F.P.	22/10	10/12	31	26½	Fairbairn Lawson	28	......
Nil	1/11	17/11	3	¼	General Accident	1½pm	+½
Nil	29/10	10/12	13	4½	Howden (Alexander)	9pm	......
F.P.	22/10	12/11	67	55	Lonrho	57	−2
Nil	—	—	50	42	National Bank of Australasia	45pm	−5
F.P.	1/10	2/11	30	22	P.M.A.	25	......
Nil	8/10	12/11	6¾	5	Shakespeare (J.)	25pm	......
Nil	5/11	—	18	3	S. A. Land & Exp.	9pm	......
F.P.	1/10	—	141	84	Western Mining	94	−2
F.P.	—	—	94	47	Woodside-Burmah	82	−2

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. g Dividend rate paid or payable on part capital, cover based on dividend on full capital. p** Pence unless otherwise indicated. u Forecast dividend; cover based on previous year's earnings. n Figures based on prospectus or other official estimate for 1976 gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. Offered to holders of Ordinary shares as a "rights." ¶ 200 S Afr cents. § Rights by way of capitalisation. †† Tender allotment price. ♦ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. $ With warrants. ♦ After suspensions. KD Kuwait dinar.

IN BRIEF

LENNON BROS. (tobacconists)—Turnover, excluding VAT, £4,731,856 (£4,254,286) for 15 months to July 31, 1976. Pre-tax profit £44,051 (£31,696). Tax £23,907 (£16,171). Reasonably satisfactory year's result forecast depending on a good Christmas season which so far has started quite well.

WALLIS AND CO. (COSTUMIERS) (women's clothing)—Results, year to January 31, 1976, reported October 8. Fixed assets £2.28m. (£1.47m.), current assets £1.88m. (£1.75m.), current liabilities £2.24m. (£1.47m.). Meeting, Connaught Rooms, W.C., November 11, 11.30 a.m.

WHITEAWAY, LAIDLAW AND CO.—Results year to March 31, 1976, already known. Fixed assets £8.861 (£5.398), current assets £128.56m. (£91.51m.), current liabilities £112.99m. (£83.53m.). Ultimate holding company is The Great Universal Stores.

ZETTERS GROUP—Results to March 31, 1976, already known. Group fixed assets £1.9m. (£1.75m.). Net current liabilities £32,273 (assets £19,768). Chairman says continued expansion in bingo field and major acquisition in pools division of Copes Pools put Zetters in a very good position to face future with considerable optimism. Directors believe some of benefits will be reflected in results for the current year and that full benefits will become apparent in 1977-78. Meeting 86-88 Clerkenwell Road, E.C., Nov. 19 at 11.30 a.m.

Fairview Estates £1.12m. for six months

TURNOVER FOR the six months to June 30, 1976 of Fairview Estates totalled £8.4m., and pre-tax profit was £1,123,000.

For the year 1975 turnover was £20.19m., and pre-tax profit £2,014,000 after an exceptional amount of £2,093,000 written off the book value of developments.

The dividend for the six months' period is 2.528p net, compared with a total of 5.05635p for the previous year.

On prospects the chairman, Mr. D. J. Cope, says the company is in an improved financial position to face the current national difficulties and well placed to take advantage of any improvement in the future.

Earnings per 10p share representing profit after tax on residential development, property trading and net rental income were 6.2p (6.4) and on realised surplus on industrial investment property disposal 0.3p (2.3p).

Trading performance for the six months was as anticipated earlier this year, says Mr. Cope.

The contracted rent roll increased by £200,000 to £1,041,000 on an annual basis. Enquiries for industrial space during the first half were at an improved level.

It is impossible as yet to see what effect, if any, recent economic developments will have upon this situation. Rent reviews due from mid-1977 on the retained investments will result in further substantial increases in the rent roll and capital value. Strong demand in the investment market for prime properties has further enhanced the capital value of the company's portfolio, he adds.

House sales for the period were achieved as anticipated and the current level of enquiries from new purchasers is satisfactory.

● **comment**

An industrial rent roll up another £200,000 to £1m., with the prospects of rent reviews from mid '77, are reassuring points for Fairview's shareholders. But against this, housing sales are down to 650 in the six months to June, compared with 800 for the corresponding period last year. This reflects the virtual stoppage in local authority projects. Prices per unit have remained nearly unchanged since December, but costs are creeping up. At last December's balance-sheet date net current liabilities were slightly more than the value of the landbank and developments less secured borrowings. Short-term interest rates then were £3.4m. before partial capitalisation, and these are vulnerable to any sustained rise in MLR, though this has not affected the current results. At 40p the share price gives a p/e of 5.8 with the dividend yielding just over 10 per cent. London and Manchester has built up its shareholding in the company to 12.3 per cent.

ROCHDALE AND MANOR BREWERY

The Rochdale and Manor Brewery, a wholly-owned subsidiary of Sam'l Smith Old Brewery (Tadcaster), has decided to put before the holders of the £120,000 of 4½ per cent. First Mortgage Debenture Stock proposals to redeem the stock, at £62 per £100 nominal of the stock, and accrued interest.

S. Simpson lower by £0.19m.

TAILORS and clothiers, S. Simpson announce turnover up from £12.7m. to £13.1m. in the year to July 31, 1976, and profit down from £0.65m. to £0.46m. subject to £0.26m. (£0.36m.) tax.

In the first six months profit declined from £0.29m. to £0.21m.

Year-end earnings per 25p share dropped from 4.44p to 3.03p—dividend total is maintained at 2.8013p net, with a final of 1.4888p.

Downturn at Stanley Miller

PROFITS before tax of building contractors and civil engineers Stanley Miller Holdings were down from £109,661 to £94,115 in the first half of 1976. The directors say the second six months are not likely to show any improvement and prospects for 1977 are not bright.

Survival is the group's main concern, the directors add and they are confident of achieving this objective.

The net interim dividend is effectively maintained at 0.5133p. Last year's total was equal to 1.15253p from pre-tax profits of £322,333.

The chairman, Mr. E. Bell, and Dr. N. R. Bell have waived the interim dividend amounting to £16,558.

	First half 1976 £	1975 £
Turnover	7,365,274	5,607,944
Pre-tax profit	94,115	109,661
Taxation	62,000	70,000
Pre-acq. losses*	13.352	—
Minorities	1,011	†11,155
Attributable	44,456	50,816

* Credit proportion of losses of subsidiary. † Credit.

Recovery at Spencer Gears

Manufacturing engineers Spencer Gears (Holdings) reports turnover up by 30 per cent. from £2.02m. to £2.61m. for the year to June 30, 1976 and a 58 per cent. advance in pre-tax profits from £111,614 to £176,087.

At halfway, announcing a fall from £54,975 to £30,427 in profits, the directors said that orders were increasing appreciably and results for the year would be considerably higher than in 1974-75.

The chairman, Mr. F. W. Forbes now points out that 83 per cent. of the profit came in the second six months.

The improvement was due almost entirely to a large increase in orders for the group's companies supplying the brewery industry, he tells members and current indications are that this increase in busines for beer raising and dispensing equipment and for beer coolers will continue for some time.

Full year earnings are shown to be up from 1.14p to 1.88p per 5p share and the dividend total is raised from 0.886p to the maximum permitted 0.974p net with a final of 0.694p.

	1975-76 £	1974-75 £
Turnover	2,614,851	2,015,239
Trading profit	220,442	160,746
Interest	44,393	49,132
Profit before tax	176,087	111,614
Tax	90,222	59,738
Net profit	85,865	51,876
Interim dividend	12,789	12,789
Proposed final	31,699	27,689
Retained	41,377	11,407

Confidence at Dover Engineering

The directors of Dover Engineering Group are now actively evaluating alternative policies for growth, both inherent and external, and Mr. A. F. Bartlett, chairman, looks to the future with confidence.

Since the end of the last financial year there has been a recovery in demand for certain products—the main effort has been concentrated on the reorganisation and redeployment of resources at Bonnybridge and positive results can be seen.

The contribution to the current year at the Dover subsidiary is, and should continue to be, significant, he adds. There has been no lessening of effort in the expansion of overseas trading.

Despite the current increase in work in progress, he reports that the reduction in bank indebtedness has been sustained.

The disposal of the assets of Smith and Wellstood (G. and G.) will improve the company's liquidity.

As known, pre-tax profit for the year to end-March, 1976, dropped sharply from £114,000 to £23,963. Third party sales declined from £4.87m. to £3.63m.

The auditors report contains a qualification concerning the interest of a subsidiary company in a partnership on the assumption that the affairs of that partnership will have no further effect on the group. They are unable to confirm this categorically and, therefore, to state whether the accounts give a true and fair view in this respect.

At March 31, 1976, Newman Industries held 20.81 per cent. of the equity.

Meeting, Winchester House, E.C., November 11, 11.30 a.m.

MINING NEWS

Palabora sales still lagging

BY KENNETH MARSTON, MINING EDITOR

ALTHOUGH copper production of the Rio Tinto-Zinc group's Palabora mine in South Africa increased to 31,162 tonnes in the September quarter, sales were only 22,622 tonnes and brought the nine months' total to 66,248 tonnes, against 74,370 tonnes in the same period of last year.

It is pointed out, however, that the higher production during the past quarter reflected an accelerated smelting rate which was necessary to reduce stocks of concentrates to normal levels following the build-up which occurred during the planned 23-day shutdown of the smelter earlier this year.

Furthermore, the current year's sales tonnage announced does not include stocks totalling 6,495 tonnes now awaiting shipment to meet overseas commitments during October and November. Meanwhile, sales of magnetite, sulphuric acid and vermiculite are running well ahead of those of a year ago.

Palabora, which is one of the world's lower-cost copper mines, paid four quarterly dividends of 12½ cents for 1975. So far this year a first quarterly of 12½ cents has been followed by a second of 15 cents, in line with rising profits. The mine's R85m. (£59.6m.) expansion of facilities to raise annual copper production by some 30,000 tonnes to 125,000 tonnes is due to be completed in March next year. Palabora were 25p up at 625p yesterday.

SOUTH AFRICAN ASBESTOS MINES

The General Mining group's two asbestos producers, Msauli and Gefco, continue to ride the boom that has been running since the Canadian industry's production losses of 18 months ago, reports our Johannesburg correspondent. Gefco, which produces Cape Blue Asbestos, milled 136,000 tons in the quarter to end September for fibre output of 15,507 tons, sold at R442 (£310) per ton.

Operating profits were R2.6m. for the quarter and with a low tax charge reflecting capital expenditure at R2.8m. for the first nine months of the year, distributable earnings were 20 cents bringing the total so far this year to 72 cents. With 35c paid so far, Gefco's final could run to about 75 cents depending on final quarter profits. The shares, one of the best performers in Johanensburg this year, stand at R13.

Msauli, the chrysotile producer, had a more mixed experience, raising throughput from 166,000 to 237,000 tons. But fibre recovery slipped and asbestos output rose only from 22,547 tons to 25,600 tons. Revenue fell slightly to R173 per ton. Net profit was a shade lower at R1.5m. for the quarter for distributable earnings of 19 cents which brought the total so far this year to 40c.

Again depending on the final quarter, a dividend of 27½ cents looks possible to bring the total to 45 cents. The shares at 475 cents compare with the 1975 low of only 38 cents, but are showing signs of peaking.

Inco's third quarter

THIRD QUARTER results from Canada's Inco nickel giant make a mixed showing. A regular quarterly dividends of U.S. 35 cents plus a year-end extra payment of 20 cents brings the 1976 total to an unchanged $1.60 (97p).

Improved September quarter earnings of $58.9m. (£35.7m.), equal to 19 cents per share, make a nine-month total of $135.9m. compared with $151.2m. in the same period of last year. Inco's sales for the past nine months total $1.46bn. against $1.25bn.

During the September quarter the company enjoyed higher sales of nickel and improved prices for both nickel and copper; a greater contribution from the ESB battery concern; and favourable currency exchange movements.

The fall in the nine months' earnings, however, reflects unfavourable exchange movements together with higher costs and decreased deliveries of rolling mill products. Nickel deliveries in the past nine month totalled 283m. lbs against 275m. lbs.

N.W. MINING AT TEUTONIC BORE

The Australian prospecting company, North West Mining, has joined the rush to the Teutonic Bore area of Western Australia where Western Selcast and MIM Holdings last month found copper mineralisation. It has acquired a half interest in Waramboo Mining, which was prospecting with Aquitaine in the area before the Western Selcast-MIM strike.

Waramboo's ground is four kilometres south of this strike. It also has other prospects some 480 kilometres to the east. The first is Walgardy, 28 kilometres south of the Amax-EZ Industries' copper-nickel prospect at Golden Grove. The second is in the Yalgoo area where drilling is taking place.

North West Mining is taking a parcel of Waramboo shares for $30,000 (£22,495). Waramboo's cash assets will amount to $45,000 according to a report announced to the Perth Stock Exchange. North West Mining gained 5p to 25p in London yesterday.

SILVERMINES EARNS MORE

Ireland's Silvermines reports a 25 per cent. increase in pre-tax profits to £640,000 from £513,000 for the half-year to June 30. Earnings per share show an increase to 3.51p against 3.04p.

The 25 per cent.-owned Mogul of Ireland contributed £537,810 against £348,443. The improvement in Mogul's profits results from higher lead and zinc prices. The interim dividend is maintained at 1.5p. Last year Silvermines paid a final of 1.5p making 3p for the year. The shares were 32p yesterday.

DAGGAFONTEIN

The Anglo American Corporation group's Daggafontein gold mine, which started production in 1932 and ceased underground operations in 1967, announces a final dividend distribution of 0.41 of a cent (0.29p). Having now ceased to carry on business and having no assets or liabilities, the company is to be de-registered.

ROUND-UP

A strike of winder and power house engine drivers at Western Mining's Kambalda nickel mine in Western Australia has ended after two and a-half days. Mining and ore processing has resumed. At one stage 1,000 workers were laid off. Negotiations on improved pay and conditions for the drivers are to take place.

* * *

Two U.S. mining groups are forming Raven Anchor Smokeless Coal to produce metallurgical coal in Virginia. They are ICM Carbomin and Gulf and Western Natural Resources Group, a division of Gulf and Western Industries, with 25 per cent. and 75 per cent. respectively of the joint venture. Coal is currently being produced at a rate of 400,000 tons a year, and recoverable reserves are put at 25m. tons.

* * *

The Malaysian tin producer, Kent (F.M.S.) Tin Dredging, announces an estimated net profit for the half year to the end of June of $203,777 (£48,649), against $232,731 in the 1975 first half, but says its future is obscure. Leases for the land on which it mines have run out and renewal applications have been rejected.

* * *

Australia's Norseman Gold Mines came back into profit during the year to June 30. The surplus was $4,000 (£2,999), after a loss of $233,000 in 1974-75. In addition there was an extraordinary profit of $49,000 (£36,742) on the sale of its Western Australian beach minerals operation, Norseman Titanium.

* * *

Over 75 per cent. of the space at the International Mining Exhibition to be held in Birmingham during October, 1977, has been applied for by 90 companies. Eight countries have sought space and negotiations are taking place with a further seven.

Capseals starts year on encouraging note

IN HIS annual statement, Mr. Andrew Chapman, the chairman of packaging materials manufacturers Capseals tells members that an encouraging start has been made to the current year.

The cash position is strong, all companies in the group are trading at reasonable levels of profitability and for the first quarter the group is ahead of budget. Results for the year should show an improvement on 1975-76, he says.

The directors expect the recovery to occur more slowly than the previous boom, but it is likely to be based on real consumption rather than stock-building. This holds the prospect of a more stable future for companies in the packaging sector, states the chairman.

The turnovers of those group companies most affected by the U.K. recession are expected to continue their steady improvement over the next year as customers complete their de-stocking process and packaging purchases reach a level in line with the demand for the customers' own products.

Exports are expected to continue their steady growth, particularly at Capseals Liners and Nathaniel Lloyd, where the group is continuing to reinforce its marketing managements.

As reported on October 1, pre-tax profits were £618,000, against £1.02m. for the year to June 26, 1976, after a fall from £505,000 to £73,000 in the first half.

The second half recovery was achieved against a background of difficult economic conditions caused by continued de-stocking by customers, the effects of inflation on costs and the weakness of sterling which caused a significant rise in the cost of raw materials, many of which are imported.

The decline in the value of sterling helped the group to increase its share of overseas markets and at nearly £2.1m., export sales were 45 per cent. up on the previous year. They have increased from £352,000 four years ago and all companies contributed to this improvement.

A statement of source application of funds shows bank borrowings have been duced during the year by £600 The sale of the remaining assets of Grove Mill will hel further reduce these.

Despite the difficult times, group has continued to inve new plant and equipment to crease productivity and to en that products meet custo requirements. The group continue to benefit from a level of bank borrowing and directors are looking for investment opportunities to to the group's product range expand its activities.

The group's ultimate hol company is Cope Allman I national which, on June 28, 57.58 per cent. of the equity.

Meeting, 27, Hill Street, W. November 16 at noon.

Bids and Deals

SW Mount Charlotte stake placed

Slater Walker's 21.3 per cent. stake in Mount Charlotte Investments, the hotel and catering and drinks group, has been placed with "institutional and private investors to be held for investment purposes," said the company yesterday.

At the same time, Mr. Tony Buckely, an ex-Slater Walker director has resigned from the Board. A Mr. Peel has been appointed to the Board as executive director in charge of the group's hotels.

In 1975 Mount Charlotte, one time vehicle for Mr. Maxwell Joseph, made a trading loss of £232,000 and an attributable loss after extraordinary items, of £1m.

NEEPSEND BUYS SWEDISH GROUP'S U.K. OFFSHOOT

Neepsend has purchased from AB Nora Homex of Sweden, its U.K. company, Gomex Tools of Finedon, Northants. The purchase is subject to exchange control consent being granted.

In deference to wishes of vendors, purchase price is not disclosed, but Neepsend say that it is a class three transaction, as defined by Stock Exchange regulations.

QST EXTENDS LAMPA OFFER

QST Industrial Trust is to extend its offer of 120p a share for Lampa Securities for a further period of two weeks until 3 p.m. on November 4.

SHARE STAKES

Royco Group has purchased a further 40,000 Ordinary of Lampa Securities at 118p each.

White Child and Beney—GPG Holdings has acquired a further 5,000 shares.

William Reed and Sons—Birmingham and Midland Counties Trust's holding of Reed shares has increased by 3,105 as a result of the settlement of queries on acceptance documents relating to the offer made by Birmingham and Midland for Reed in April this year.

Birmingham and Midland's holding in Reed is now 2,917,189 shares (64.42 per cent.) of Reed's present capital. A further 71,624 Reed shares remain to be issued to William Uttley holders in connection with the acquisition of that company by Reed.

After 72 years the end of the road

LOCAL AUTHORITY motor taxation offices will stop dealing with driving licences on October 29 after 72 years.

Most drivers—more than 23m.—now have licences issued by the Driver and Vehicle Licensing Centre at Swansea, where their driving records are held on computer file.

The Department of Transport, however, yesterday advised the few drivers whose licence record has not yet been transferred to Swansea to take action to avoid problems later.

If they held a booklet-type driving licence with a full entitlement which was still valid, or which expired not more than ten years ago, they should apply for renewal before October 29 to the local authority motor taxation office in the area where they lived. After this date, the application would have to go to Swansea.

Until Swansea had issued a licence, they would have no entry on the central record and could have difficulty proving their entitlement if they did not renew now.

BANK RETURN

—	Wednesday Oct. 20 1976	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	20,830,604	+ 2,601,592
Special Deposits	1,411,140,000	—
Bankers	384,527,238	+ 30,448,670
Reserves & Other A/cs	421,668,255	—128,966,451
	2,252,719,097	— 45,916,369
ASSETS		
Govt. Securities	1,729,240,993	—190,358,847
Advanced & Other A/cs	426,665,847	+151,414,243
Premises, Equip't & other Secs	84,533,718	— 29,329
Notes	11,838,161	— 6,932,921
Coin	240,378	— 8,515
	2,252,719,097	— 45,916,369
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	6,625,000,000	— 25,000,000
In Circulation	6,613,161,839	— 18,067,079
In Bank'g Dept	11,838,161	— 6,932,921
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs	5,992,866,266	— 48,438,561
Other Securities	621,118,634	+ 23,438,561
	6,625,000,000	— 25,000,000

Bankruptcy ca adjourned

THE PUBLIC examination John Victor Goldie, aged former company director, fi cial consultant, and prop developer, who has disc debts of more than £2.5m., further adjourned at Lo Bankruptcy Court yesterday enable him to complete accu

Mr. Goldie, of The Rise, ware, has shown that when assets are realised his debts be paid in full.

16th NOVEMBER 1976 REDEMPTION

SHELL INTERNATIONAL FINANCE N.V.

U.S. $50,000,000 6½% LOAN 1979

REDEMPTION OF BONDS

International Finance N.V. announces that for the redemption period ending on 16th November 1976 it has purchased and cancelled bonds of the above loan for U.S. $196,000 nominal capital and tendered them to the Trustee. The nominal amount ...ds to be drawn for redemption at par on 16th November 1976 to satisfy the Company's current redemption obligation is accordingly U.S. $6,804,000 and the nominal amount of this loan remaining outstanding after 16th November 1976 will be ...22,000,000.

DRAWING OF BONDS

...otice is accordingly hereby given that a drawing of bonds of the above loan took place on 6th October 1976 attended by Mr. Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when 6,804 bonds for a total of U.S. $6,804,000 ...al capital were drawn for redemption at par on 16th November 1976. The following are the numbers of the bonds drawn:

Witness: K.F.C. Baker, Notary Public.

...he above bonds may be presented for payment of the proceeds of redemption at par on or after 16th November 1976 at the offices of the paying agents named on the coupons in the manner specified in Condition 6 of the Terms and Conditions of the ... printed on the bonds. Each of these bonds when presented for redemption must bear the coupon dated 16th November 1977, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

Principal Paying Agent: N. M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU.

22nd October 1976

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, October 20. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America
Eurodollar Libor as of October 21 at 11.00 a.m.
3 months: 5⅝ 6 months: 5⅞

SDR1 = US$1.15399

Country	Currency	Value of DLR
Afars & Issas	Djibouti Franc	166.7858
Afghanistan	Afghani (o)	45.90
Albania	Lek (m)	6.1212
Algeria	Dinar (m)	4.1505
Andorra	Fr. Franc	4.9655
	Sp. Peseta	68.03
Angola	Ang. Escudo	31.35
Antigua	E. Caribbean $	2.70
Argentina	Ar. Peso (o)( )	140.17
Australia	Australia $	0.8101
Austria	Schilling	17.29
Azores	Port. Escudo	31.35
Bahamas	Ba. $	1.00
Bangladesh	Taka	16.3014
Bahrain	Dinar	0.3958
Balearic Is.	Sp. Peseta	68.025
Barbados	Barbados $	2.0025
Belgium	B. Franc (m)	37.285
Belize	B $	2.00
Benin	C.F.A. Franc	248.28
Bermuda	Bda. $	1.00
Bhutan	Indian Rupee	8.9285
Bolivia	Bolivian Peso	20.20
Botswana	Pula	0.8695
Brazil	Cruzeiro	11.5830
Br. Solmn Is.	Australia $	0.8101
Br. Virgin Is.	U.S. $	1.00
Brunei	Brunei $	2.4570
Bulgaria	Lev	0.96
Burma	Kyat	6.8620
Burundi	Burundi Franc	90.0
Cameroun Rp.	C.F.A. Franc	248.28
Canada	Canadian $	0.9727
Canary Is.	Sp. Peseta	68.03
Cape Verde Is.	Cape V. Escudo	31.25
Cayman Is.	Cay. Is. $	0.8330
Cen. Af. Rp.	C.F.A. Franc	248.28
Chad	C.F.A. Franc	248.28
Chile	Ch. Peso (m)	13.90
China	Renminbi Yuan	1.9145
Colombia	Col. Peso (m)	35.50
Comoros Is.	C.F.A. Franc	248.28
Congo (B'ille)	C.F.A. Franc	248.28
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.8290
Cyprus	Cyprus £	0.4195
Czechoslovakia	Koruna (m)	5.70
Denmark	Danish Krone	5.9418
Dominica	E. Caribbean $	2.70
Domin. Rep.	Domin'cn Peso	1.00
Ecuador	Sucre (o)	25.0
Egypt	Egyptian £ (o)	0.3925
Ethiopia	Ethiopian $	2.0955
Eq'l Guinea	Peseta	68.03
Falkland Is.	Falkland Is. £*	1.6468
Faro Is.	Danish Krone	5.9418
Fiji Is.	Fiji $	1.0504
Finland	Markka	3.8645
France	French Franc	4.9655
Fr. C'Tyin Af.	C.F.A. Franc	248.28
Fr. Guiana	Local Franc	4.9655
Fr. Pac. Is.	C.F.P. Franc	90.50
Gabon	C.F.A. Franc	248.28
Gambia	Delasi	1.4290
Germany (E)	Ostmark (m)(o)	2.4227
Germany (W)	Deutschemark	2.4227
Ghana	Cedi	1.1500
Gibraltar	Gibraltar £*	1.6468
Gilbert & Ellice Is.	Aust. $	0.8101
Greece	Drachma	37.264
Greenland	Danish Krone	5.9418

Country	Currency	Value of DLR
Grenada	E. Caribbean $	2.70
Guadaloupe	Local Franc	4.9655
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Rep.	Sily	22.19
Guinea Bissau	Peso	31.37
Guyana	Guyanese $	2.5682
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	H.K. $	4.5515
Hungary	Forint (m)	20.65
Iceland	I. Krona	188.50
India	Ind. Rupee	8.9285
Indonesia	Rupiah	415.0
Iran	Rial	70.71
Iraq	Iraq Dinar	0.2961
Irish Rep.	Irish £*	1.6468
Israel	Israeli £	8.40
Italy	Lira	868.50
Ivory Coast	C.F.A. Franc	248.28
Jamaica	Jamaica $	0.9091
Japan	Yen	292.20
Jordan	Jdn. Dinar	0.332
Kampuchea	Riel	n.a.
Kenya	Ken. Shilling	8.3682
Korea (Nth)	Won (a)	0.94
Korea (Sth)	Won	484.0
Kuwait	Kuwait Dinar	0.2902
Laos	Kip (o)	20.0
Lebanon	Lebanese £	3.205
Lesotho	S. African Rand	0.8695
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenst'n	Swiss Franc	2.4389
Luxembourg	Lux. Franc (m)	37.285
Macao	Pataca	5.2104
Madeira	Port. Escudo	31.35
Malagasy	MG Franc	248.28
Malawi	Kwacha	0.9145
Malaysia	Mal. Ringgit	2.5265
Maldive Is.	Mal. Rupee	8.7971
Mali Rp.	Mali Franc	496.55
Malta	Maltese £	0.4331
Martinique	Local Franc	4.9655
Mauritania	Ouguiya	49.66
Mauritius	M. Rupee	6.6651
Mexico	Mexican Peso	19.80
Miquelon	C.F.A. Franc	248.28
Monaco	French Franc	4.9655
Mongolia	Tugrik (m)	3.2353
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	4.5169
Mozambique	Moz. Escudo	31.35
Nauru Is.	Aust. $	0.8101
Nepal	Nepalese Rupee	12.525
Netherlands	Guilder	2.5478
Neth. Antilles	Antillian Guild	1.80
New Hebrides	Aust. $	0.8101
	Fr. Franc	4.9655
N. Zealand	NZ $	1.0924
Nicaragua	Cordoba	7.02825
Niger Rp.	C.F.A. Franc	248.28
Nigeria	Naira	0.6265
Norway	Nrwg. Krone	5.3228
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkstn. Rupee	9.8943
Panama	Balboa	1.00
Papua N.G.	Kina	0.7695

Country	Currency	Value of DLR
Paraguay	Guarani (m)	126.0
P'ple D. Rp. of Yemen	S. Yemen Dinar	0.3454
Peru	Sol	66.72
Philippines	Ph. Peso	7.4420
Pitcairn Is.	NZ $	1.0924
Poland	Zloty (m)(o)	3.32
Portugal	Port. Escudo	31.35
Port Timor	Timor Escudo	31.35
Principe Isle	Port. Escudo	31.35
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.9505
Reunion Ile de la	French Franc	4.9655
Rhodesia	Rhd. $	0.617
Romania	Leu	4.97
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.70
St. Helena	£ Sterling*	1.6469
St. Lucia	E. Caribbean $	2.70
St. Pierre	C.F.A. Franc	248.28
St. Vincent	E. Caribbean $	2.70
Salvador, El	Colon	2.50
Samoa (Am.)	U.S. $	1.00
San Marino	Italian Lira	868.50
Sao Tome	Port. Escudo	31.35
Saudi Arabia	Ryal	3.5350
Senegal	C.F.A. Franc	248.28
Seychelles	S. Rupee	8.0047
Sierra Leone	Leone	1.2145
Singapore	Singapore $	2.4590
Somali Rep.	Som. Shilling	6.2950
Sth. Africa	Rand	0.8695
S.W. Africa Territories	S.A. Rand	0.8695
Spain	Peseta	68.03
Span. Ports in N. Africa	Sp. Peseta	68.03
Sri Lanka	S.L. Rupee	8.7971
Sudan Rp.	Sudan £	0.3482
Surinam	S. Guilder	1.80
Swaziland	Emalangeni	0.8695
Sweden	S. Krona	4.2066
Switzerland	Swiss Franc	2.4359
Syria	Syria £	3.9770
Taiwan	New Taiwan $	37.97
Tanzania	Tan. Shilling	8.3552
Thailand	Baht	20.30
Togo Rep.	C.F.A. Franc	248.28
Tonga Is.	Pa'anga	0.8412
Trinidad	Trin. & Tob. $	2.40
Tunisia	Tunisian Dinar	0.4220
Turkey	Turkish Lira	16.0
Turks & C's	U.S. $	1.00
Uganda	Ug. Shilling	8.3682
Utd. Kingdom	£ Sterling*	1.6468
Un'd A'b Emir	UAE Dirham	3.9725
USSR	Rouble	0.7500
Upper Volta	C.F.A. Franc	248.28
Uruguay	Urug. Peso (m)	3.70
Vatican	Italian Lira	868.50
Venezuela	Bolivar (m)	4.29
Vietnam (N)	Dong (m)(o)	2.3700
Vietnam (S)	Piastre (o)	1.8500
Virgin Is. U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.8100
Yemen	Ryal	4.5370
Yugoslavia	New Y. Dinar	18.2450
Zaire Rp.	Zaire	0.8665
Zambia	Kwacha	0.7855

n.a. Not available. (m) Multiple exchange rate system, commercial rate used. (a) Approximate rate. (o) Official rate. * U.S. dollars per sterling unit. ( ) Argentine peso, effective March 5, 1976, Exchange rate system merged, now only two rates. (ĝ) official rate and tourist rate.

For further information please contact your local branch of the Bank of America.

INTL. FINANCIAL AND COMPANY NEWS

Hongkong Land considers bid for Wheelock Marden

BY KEITH LEWIS

DISCUSSIONS are taking place which could lead to the Hong Kong-based trading group, Wheelock Marden, being taken over by Hongkong Land, at one time the largest property company in the world.

A statement has been rushed out to avoid further speculation in the shares of Wheelock which have risen over the past week or so from HK$2.15 to a closing price in Hong Kong yesterday of HK$2.57½. Wheelock has requested that its shares be suspended while the negotiations take place.

Hongkong Land has emerged as the possible bidder after speculation that Inchcape, Sime Darby or Hutchison could be interested parties.

No mention has been made of the value of any possible deal. However, at yesterday's price, the market capitalisation of Wheelock Marden "A" shares was £73m. and outside sources estimate that a bid could be worth £100m.

Jardine, Matheson, which shares the same chairman as Hongkong Land and has an equity stake of up to 10 per cent. in that group, has "indicated its willingness to co-operate in discussions concerning activities outside the scope of Hongkong Land's normal operations." This is taken to mean that, if the bid finally goes through, the considerable property interests of Wheelock will be absorbed into Hongkong Land and that the other diverse Wheelock interests—which include shipowning, insurance broking, stockbroking, retailing and specialised engineering—will pass into the hands of Jardine Matheson.

From Hongkong Land and Jardine's point of view the bid is well timed since Wheelock has been under considerable pressure and the share price has been unduly depressed. Last March, Wheelock announced estimated profits for the year ending that month of over HK$45m. before an exceptional provision of HK$22m. relating to the computer group. The dividend was cut and the company also announced a rights issue to raise HK$100m.

The last Wheelock accounts contained a forecast that profits for the current year would be HK$50m. The chairman, Mr. J. L. Marden, also stated that it was the group's intention to expand in the property field.

Another depressing factor has been the Hong Kong Securities Commission's report into share dealings in Wheelock Marden and it was announced in August that the Commercial Crime Office was to investigate these transactions.

AMERICAN COMPANIES

FTC order to Sears Roebuck

WASHINGTON, Oct. 21.

THE FEDERAL Trade Commission on Thursday approved an order that bars Sears Roebuck, the nation's largest retailer, from using bait-and-switch tactics to sell major home appliances.

Sears, in agreeing to the order, admitted no wrongdoing. But the company said in a statement that "incidents which came to light in the recent FTC hearings were violations of Sears policy as well as FTC standards."

Sears had been accused by the FTC of luring buyers into stores with advretisements for especially low-priced appliances and then trying to pressure customers into buying more-expensive models. This practice is known as bait-and-switch.

There isn't any penalty involved in Thursday's FTC order—Sears only agreed that it wouldn't use such tactics in the future. But the order has the force of law and any subsequent violation could cost Sears $10,000 per offence.

Arthur M. Wood, chairman and chief executive officer of Sears, issued a statement saying the order "reflects our long-standing company policy and we will vigorously enforce it. We regret that even one such case occurred in our annual transactions of some $9.5m. major appliances."

The case against Sears was launched in 1971 as a result of complaints from customers and competitors, and the FTC began formal action in 1974, an FTC spokesman said.

Forty-seven witnesses, mainly Sears salesmen and customers, testified before the FTC in Chicago earlier this year before the hearings were stopped at Sears' request for purposes of negotiating a settlement. Thursday's order resulted.

AP-DJ

Warner ruling

WASHINGTON, Oct. 21.

THE FEDERAL Trade Commission ordered Warner-Lambert partially to divest itself of Parke Davis, its drug manufacturing unit.

Following on a decision issued last April, the Commission said that five units of Parke Davis should be sold within one year to other companies.

The units include thyroid preparations, cough remedies, cough drops and lozenges, normal serum albumin and tetanus immune globulin.

Warner-Lambert welcomed the FTC's order concerning Parke Davis. E. Burke Giblin, Warner-Lambert chairman and chief executive, said the decision will permit Parke Davis to accelerate the growth and progress it has demonstrated since being acquired in 1970, "particularly in the important area of new drug development."

He said the Commission's action "confirmed the company's position that the merger served the public interest. . ."

The Commission had earlier ruled that Warner-Lambert's acquisition of Parke Davis may substantially lessen competition in the five areas of the drug market that it subsequently ordered Warner-Lambert to divest.

AP-DJ.

UTD. TECHNOLOGIES CORP.

Third Quarter	1976 $	1975 $
Revenue	1.27bn.	864.2m.
Profits	49.7m.	27.8m.
Per Share	1.26	0.90
Nine Months		
Revenue	3.8bn.	2.58bn.
Profits	117.9m.	88.7m.
Per Share	3.07	2.96

OCCIDENTAL PETROLEUM

Third Quarter	1976 $	1975 $
Revenue	1.38bn.	1.43bn.
Profits	37.6m.	34.9m.
Per Share	0.55	0.49
Nine Months		
Revenue	3.91bn.	4.24bn.
Profits	112.0m.	154.3m.
Per Share	1.53	2.45

ENGELHARD MINERALS

Third Quarter	1976 $	1975 $
Revenue	1.72bn.	1.41bn.
Profits	29.3m.	25.3m.
Per Share	0.93	0.84
Share dil	0.89	0.78
Nine Months		
Revenue	4.47bn.	3.83bn.
Profits	95.2m.	85.2m.
Per Share	3.05	2.83
Share dil	2.9	2.62

AEG-Telefunken to cut workforce

BY NICHOLAS COLCHESTER BONN, Oct. 21.

AEG-TELEFUNKEN, the loss-making giant of the West German electrical industry, to-day announced extensive measures to reduce manufacturing capacity for mass-produced products. Altogether 1,150 workers will be losing their jobs in the course of 1977. Of these some 350 will be made redundant because of the shut-down of works in West Berlin.

Dr. Walter Cipa, the new chairman of AEG-Telefunken, whose unpleasant task it is to trim down AEG's capacity in order to lead the company back towards profit, explained that there was world-wide over-capacity in the production of condensers and small electric motors and other "passive" electronic components. He also warned that further measures of the same sort could not be ruled out, although he said that no further cutbacks in West Berlin would be necessary.

The situation in Berlin is such that there is particular sensitivity to any news of a reduction of workplaces in that city. The local union organisation condemned the decision as "another blow to the economic strength of Berlin" and claimed that it was particularly incomprehensible in that the "Ackerstrasse" factory had been restored to profit in 1976.

AEG-Telefunken shareholders have already heard that the company made another loss in the first half and will not be paying a dividend this year. There has, however been a noticeable improvement in AEG's business as a whole.

Setback at Swedish Match

By John Walker

STOCKHOLM, Oct. 21.

SWEDISH MATCH reports a pre-tax loss amounting to Kr.4.4m. during the first eight months of this year, compared with a pre-tax profit of Kr.29.5m. in the same period last year. The pre-tax loss in the first four months of this year amounted to Kr.1.2m.

Group sales amounted to Kr.2.9bn. (£417m.), up by 6 per cent. on the same period in 1975. The report forecasts that total sales for the whole of this year will amount to Kr.4.5bn. an increase of 7 per cent. over last year. The concern has been hit by the recession in the building and construction industry for which it supplies many components.

Operating costs during the January-August period this year amounted to Kr.2.9bn. compared with Kr.2.7bn. in the same period last year. The improvement in the economic situation in Western Europe, the report points out, is taking much longer than expected. The increase in demand has not materialised. At the same time there is a heavy pressure on prices and cost increases continue, not least in Sweden.

On account of the lateness of the upswing in the business cycle the concern forecasts a loss for the whole of this year. Investments during the eight-month period this year amounted to Kr.164m. compared with Kr.152m. last year.

Record sales for Steyr

BY PAUL LENDVAI VIENNA, Oct. 21.

STEYR the Austrian motor company reports a 23 per cent. turnover increase in the first nine months of this year to a record figure of Sch6.5bn. (£235m.). Announcing this the Board added that business is expected to improve further during the last quarter.

It is now reckoned that the annual sales total will reach Sch.10bn. as against Sch7.9bn. last year. It was stressed that Japanese competition was causing growing difficulties in the ball bearing sector.

Sales of tractors and commercial vehicles, however were up by 22 per cent. this year and account already for 40 per cent. of the company's aggregate turnover. The two-wheel sector is still giving cause for concern but the 16 per cent. rise in sales appeared to indicate a new trend.

The Corporation project with the Polish State Motor Company Polmot is making satisfactory progress. Steyr will deliver components until 1980 and will later receive parts from the plant in Poland. This should promote the cooperation of the company and the concentration on producing in greater sales.

It was confirmed that the problems with the company's Greek venture called "Steyr Hellas" has been completely resolved. The latest attacks launched by the Association of Greek Importers of Agricultural Machinery were described by a Steyr spokesman as baseless slanders spread by disappointed competitors.

The Association accused the Austrian Government of blackmail because it allegedly demanded support from the authorities for the Steyr project in Greece as a pre-condition of granting transit permits for Greek lorry transport through Austrian territory.

Profit down at Chemie

The Swiss holding company Chemie Holding Ems AG. of Domat Ems, reports a lower net profit of Sw.Frs.1.76m. (Sw.Frs.2.38m.) for the year ended April 30 and recommends distribution of a gross dividend of Sw.Frs.35 per bearer share and Sw.Frs.7 per registered share.

The main subsidiary, the chemicals and fibres company Emser Werke AG. booked a 10 per cent. drop in turnover for the business year to an unspecified figure. An improvement in demand in the second half of the 12-month period was insufficient to compensate for the decline in the first half, although orders are said to have risen sharply during the current calendar year.

● The Arbon, Switzerland, manufacturer of textile machinery and commercial vehicles AG Adolph Saurer expects to be able to equal 1975 group turnover this year and reports a substantial rise in new orders.

FNBC opens new Mid-East headquarters

Dr. Ziad Idilby, senior vice-president of The First National Bank of Chicago, announced yesterday in London the opening of the bank's Middle East and Africa headquarters in the P & O Buildings, London EC3. Dr. Idilby stated: "Out of all the alternatives London is the most appropriate. Not only is it the financial centre of the world it is also ideal for communications."

Dr. Idilby is area head for the whole of Africa and the Middle East. Prior to this move the headquarters were in Beirut.

Pernod Ricard profits

Pernod Ricard has reported first-half net consolidated profit of Frs.73.36m. (£4.7m.), Reuter reported from Paris yesterday. The parent company net profit was Frs.61.74 against Frs.15.9m. previously.

OPTIONS TRADING

Bringing blue chips to Amsterdam

BY MARGARET REID IN AMSTERDAM

IF BRITAIN'S stock exchange members vote in December against starting a traded share options market in London, Amsterdam's planned European options exchange would welcome British members. It would also hope to deal in options on leading British shares, as well as in those of prominent Dutch, German, Belgian and perhaps French companies.

Dr. Lubbertus Scholten, joint secretary of the Amsterdam stock exchange, told me this here to-day. He also confirmed that the projected new European options exchange—which will need approval from the Dutch Finance Minister, Dr. Willem Duisenberg—would be quite distinct from the Amsterdam stock exchange and so would not need a vote, as in London, to endorse its launching.

Welcome

Members of other stock exchanges in Europe and the U.S. would also be welcome to join the proposed Amsterdam-based options exchange. The Amsterdam project, originally envisaged as a joint operation with London—and still seen as sharing vital services with any options exchange started in London—is expected to cost some £1m. This is similar to the estimated cost of a traded options market in London.

Within the next 10 days, a major step towards launching a European options exchange in Holland is expected to be taken with the setting up of a Schichting (public corporation-type body) for the preparation of a European options exchange. It will have a substantial line of credit from the Amsterdam stock exchange for the preparatory expenses of the proposed new exchange, which would be sited in the commodity exchange next door to the present stock exchange. It will be run by the steering committee which has so far planned the Amsterdam venture in association with London and with the Chicago Board options exchange, on which it is modelled.

In a traded options market, investors can not only options to purchase shares fixed prices in future, bu trade in the options them

Present indications are proposed European optio change would start trad December 1977 in shares of 10 to 15 Dutch stocks, incl Royal Dutch, Philips, Uni AKZO, Hoogovens, Alg Bank Nederland, Amst Rotterdam Bank, Robeco Rolinco.

German stocks such as Hoechst, Siemens and po leading banks, and the B group, Petrofina, might added, as well as leading shares if no London o market is formed.

When the original Anglo plans were drawn up, it w visaged that a joint Londo Amsterdam options exc would be launched with a bership open to non-memb these two exchanges. It has become clear that, parti ensure full control, memb of any London opions exc would have to be confin present members of Bri stock exchange. This has the formal separation of British and Dutch projects.

There is now thought only an even chance that Bri stock Exchange members give the necessary 75 per backing to a London se when they vote on it in De ber.

Enthusiasm

There is conside enthusiasm in Amsterdam fo Dutch options exchange pr though this is not the univ view. Some banks remain d ful, but certain large institu welcome the venture as prov a way for offsetting unexp movements in prices of shareholdings.

A crucial test will be whe the Dutch Finance Ministe satisfied that the rules of proposed exchange provide adequate safeguard against manipulation of the marke large operators contrary to interests of small investors.

German fund sales good

BY GUY HAWTIN FRANKFURT, Oct. 2

CERTIFICATE sales by the West West German mutual fund industry have remained strong despite the downturn on the world's stock exchanges. The Bundesverband Deutscher Investment-Gesellschaften announced that last month sales totalled DM289.8m. (£72.5m.)—five times as high as in September last year.

Probably two factors lie behind the growing interest in the mutual funds. Interest earnings on savings deposits are low and prospects of a higher long term return are an undoubted attraction. Furthermore figures just released by the BVI show that the majority of its funds have out-performed the market.

The BVI's latest statistics show that all but one of the 16 funds investing in West German shares have returned better results than the overall 5.3 per cent. decline in share values registered by the Frankfurt stock exchange share index during the first nine months.

According to the BVI, the best performance was an increase in value of 0.1 per cent. while the worst saw declines of 5.2 per cent. and 5.8 per cent. However, over a five year period the growth in value ranged between 21.6 per cent. and 35.2 per cent. while in a 10-year span the increases varied between 83.2 per cent. and 146.6 per cent.

The situation was more difficult for the funds investing internationally. Developments during the nine months varied between an increase of 18.3 per cent. on Wall Street (for the Germans reduced to 10.7 cent. by foreign exchange m ments) to declines on the F and Amsterdam bourses of per cent. and 16.6 per c respectively.

However, the 26 internati funds registered increases of to 10 per cent. during the months, although one declined in value by 5.8 per c while another went down 5.2 cent.

The greatest interest this y has been shown in the bond-ba funds and this was amply warded by growths in value between 5.1 and 7.8 per cent. funds concentrating on dome bonds and 7.2 per cent. and per cent. for the internatio funds.

Over the past five years funds dealing in West Ger shares have returned a growth of between 43.3 per c and 50 per cent., while the in national funds have advanced between 42.2 per cent. and 55 cent.

Property based mutual fu have had a quiet time this but even so they have put between 2.7 per cent. and 7.5 cent. On a five year basis increase has varied between per cent. and 49.8 per cent.

Toyo issues $3m. of CDs

The Toyo Trust and Banki Company said it issued nego able certificates of depos worth about $3m. through New York branch to U institutional investors, Reute reports from Tokyo.

Argus profits up but interim payment is cut

RICHARD ROLFE JOHANNESBURG, Oct. 21.

Printing and Publishing, gest newspaper group in Africa, has cut its interim from 70c to 50c for the to end-August, despite a taxed profits from to R18m.

Board says it has taken cision to reduce the pay-because of uncertain figures which, it warns, deteriorate further. In fact, the cut and the profit are worse than they look the latest interim covers ght month accounting

the January-August net earnings from the per interests were 17 per higher, thanks to some in controlling costs and rtising rate increases at r, The Argus and The

The Board reports that ions generally have nce the beginning of the ough it is believed in the y that the promotion backing the circulation as been expensive. On vent of TV, the Board nts that so far it has had t on sales. However, the ction of the commercial planned for 1978, could lifferent matter.

major shareholding in is held by Johannesburg dated and Argus is itself gest shareholder in South Associated Newspapers. eased its stake by 125,000 in the period under to make it just over 39 t. The transaction has not recorded in the stock mar-d seems to have been a acquired privately from SAAN's other share-SAAN was the object id last year from Mr. uyt, the proprietor of the Newspaper.

Argus figures consolidate r the first time. CNA is in retailer of books and eals in the Republic. In sual move, Argus had to its year-end from Decem-February to coincide with is a December year-end was not feasible for CNA with its large Christmas trade.

CNA, after raising its dividend last year to 20c, has now cut the interim from 7.5c to 5c on earnings down 3.7c to 10.8c. Unlike Argus, the Board reports that TV has had an adverse effect because it has changed reading habits "and consequently sales of books, paperbacks and records have failed to make budgets."

Final dividends from both companies are a matter of guesswork, but if Argus were to pay an unchanged 80c to make 130c for the 14-months period, the yield at 950c would be 13.7 per cent., which suggests the market is anticipating a cut in the final as well. CNA at 165c is yielding 10 per cent. on what should be a 16.5c final and looks overrated in relation to the parent.

PAC Far East suit

SAN FRANCISCO, Oct. 20.

PACIFIC FAR EAST Line Inc. has filed an antitrust suit in the Federal Court against Sea-Land Service Inc., a subsidiary of R. J. Reynolds Tobacco.

The complaint, which also names McLean Industries Inc., another Reynolds subsidiary, said Sea-Land operates in competition with several other lines besides Pacific Far East.

It charges "commercial bribes and illegal rebates and acquisition of assets directed against all of these companies for the purpose of forcing them to lose substantial amounts of money while Sea-Land was subsidised in its below-cost operation by Reynolds."

The complaint also charges that Reynolds "in turn received huge subsidies from the U.S. government through agricultural support programmes and internal revenue service tax-shelter financing."

The suit also alleges the defendants had a plan to monopolise the trade and commerce between the Persian Gulf, the Orient and the United States.

AP-DJ.

Stevin to seek London listing

By Margaret Reid

AMSTERDAM, Oct. 21.

STEVIN GROUP, one of Holland's largest construction concerns, is likely in due course to seek a listing for its shares in London. At present the shares of the company, which has grown rapidly in recent years and is expected to have a turnover of some £365m. in 1976, are quoted only on the Amsterdam Stock Exchange.

This year some 57-58 per cent of the business of the group, which has roadbuilding and other contracts in Nigeria and the Middle East, is expected to be outside Holland.

Dr. Rene Statenus, the chairman, who is to visit London with *senior colleagues next* week, said yesterday: "We are not in a hurry over a listing for the shares on the London Stock Exchange and other bourses, but we see a further internationalisation of our whole show. We are still thought of as a local company and now we want to be better known abroad.

"Opportunities for expansion by take-over in Holland are limited, but we believe there are better possibilities abroad."

Present indications are, however, that although Stevin wants a listing for its shares in *London, it will probably not* formally seek this for another two or three years.

The Stevin Group, a specialist in dredging work, already has interests in the U.K., including Nash Dredging and Reclamation, and Stevin Construction.

OFFSHORE BANKING

The Dubai 'water-hole'

BY KATHLEEN BISHTAWI IN DUBAI

THERE HAS been a mixed reaction from the established banking community in the United Arab Emirates to the entry of 12 more international banks with restricted licences. Last month, the UAE currency Board named eight of the banks (the other four were approved last April), and they include the top names in American and European banking such as Chase Manhattan, First National Bank of Chicago, Algemene Bank and the British Bank of the Middle East.

However, banking circles in both Dubai and Abu Dhabi are beginning to question the wisdom of allowing more to come in when there are already 50 banks operating in the country. An estimated 350 branches serve a population of 650,000.

Overbanked

As one Abu Dhabi banker put it: "That's a bank for every 2,000 people and some of us are thinking that the area is already 'overbanked.'" Certain banks even expressed concern about their future profitibility in view *of the increased competition that* they feel the new banks will generate. Another remarked that the UAE's decision to move into this sphere of banking was "just a fad because of Bahrain."

However, Bahrain's offshore banking operations are very different from those envisaged in the UAE, *for at the heart of the* bankers' grumbles is the nature of the licence granted to the new restricted licence banks (RLB's). They are allowed to do anything except take dirham deposits from the public, the Government or commercial companies. It is still too premature to say the kind of operations that the new RLB's will delve into, but some are already talking of financing trade, letters of credit and project financing—all *traditional fields for the* established banks in the UAE.

Some of the banks, however, have felt strongly enough to voice their opinions to the UAE Bankers' Association. Certainly there is no evidence that a bankers' rebellion is brewing, and so far no extraordinary meeting has been called for by the members to discuss the implications of the RLB's. Many did however feel that they had been presented with a fait accompli by the currency board, a claim which the board denies, saying that they had been informed several months ago of their decision.

Commenting on the reactions, a visiting banker holding a restricted licence said the new banks would stimulate the economy because of the instruments and experience in long term financing that they would bring with them. "We are not competing on deposits with the *established* banks, why should they worry? We will play a complementary role, not a competitive one." Besides, he added, "it's a big lake, it just depends how much you want to drink. There is enough water for everyone."

Another intriguing situation that will greet the new banks is the question of taxation, for Abu Dhabi recently made it known that it was willing to offer tax concessions to the newcomers. Dubai, on the other hand, is thought to be sticking out for the normal taxation rate of 20 per cent. which applies to the ordinary commercial banks. The 12 RLBs are equally divided between the two centres, though none opted for Sharjah which is well known for its tax free policies.

Taxation

A number of the RLBs already hold full banking licences, however, and among them are the British Bank of the Middle East, First National Bank of Chicago and Citibank. One of these banks which chose Dubai is still negotiating with the Dubai Government about its taxation for its RLB. The UAE currency Board has dictated that the new banks may only have one office, and therefore there is no question of them being able to open secondary offices in Abu Dhabi where they could channel profits through *taking* advantage of the tax concessions. However, negotiations are still continuing between the Dubai-based RLBs and the local Government, though one bank is pondering whether there are any benefits at all of their new licence if they are going to be taxed at the normal rate. In a way the different taxation policies of the emirates is symptomatic of the looseness of the links which characterise this federation of Sheikhdoms.

Throughout these developments, little mention is given to the off-shore operations side of the new banks, for many of them seem preoccupied with the size of the UAE cake. One remarked "all this talk of Bahrain versus UAE is nonsense really, because I can't understand why there cannot be two money centres in the UAE. There's enough money around for everyone."

Insurance lifts profits at AGC

BY JAMES FORTH SYDNEY, Oct. 21.

AUSTRALIAN Guarantee Corporation, a leading Australian finance company and offshoot of the major private trading bank, *the Bank of New South Wales*, boosted earnings 24 per cent. from \$A22m. to \$A28.2m. in the year to September 30.

Dividend is maintained at the basic rate of 7.5 cents a share. The 2.5 cents a share anniversary dividend paid last year was not repeated.

The higher profit was aided by increased results from insurance activities. Overall, however, profit growth failed to match the growth in receivables.

The directors said there was a strong surge of new lending from April to June followed by an easing of demand from July to September. They said the poor local showing was because of costs associated with rapid expansion and the persistent effects of inflation on overheads. Higher borrowing costs were also a factor.

The collapse of the local property market also dogged AGC during the year. Uncollected interest excluded from profits of the property division were up from \$A1.5m. at \$A4.1m.

The provision for doubtful *debts now stands at* \$A14.3m. following a \$A8.5m. transfer from the contingencies reserve, a level which the directors described as "desirable" in the light of the still slow improvement in the land and property market.

Reuter

Setback at A-I Paper

BY L. DANIEL TEL AVIV, Oct. 21.

SALES of American-Israel Paper Mills fell by some 6.5 per cent. to 65,000 tonnes in the year *ended March 31*, and consolidated after tax earnings declined from roughly £2m. to a reported figure of less than £1.5m.

A further loss of £500,000 was incurred in the first quarter of the current fiscal year due to lagging demand.

While the value of sales for the year ended March 31, rose 31 per cent. to £28m., the cost of sales soared by 39 per cent. to \$22m. so that gross profits (slightly over £5m.) dropped from 25 per cent. to 20 per cent. of total sales, in comparison with the previous financial year.

With an increase of selling and administrative expenses of 32 per cent. and a more than three-fold increase in net financial expenses, pre-tax earnings were down to £2m. from over £3m. in 1974-75.

AIPM has been frequently in the news recently as stocks of paper began to pile up (the company finished running in a fourth paper-making machine only in the past fiscal year).

Local newspapers have been urged to buy newsprint domestically, but they have long-term contracts with foreign suppliers and would have to pay heavy penalties for breaking them.

The Government has come to the rescue with a \$10m. loan

...ECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

...TS	Bid	Offer
...pc 1985	104	104½
... 8¼pc 1991	98½	99¼
... 9½pc 1985	103½	104¼
...lational Autoroute 991	99¼	100¼
...pc 1985	101	101½
... 8½pc 1984	97½	98
...pc 1988	102	102½
...pc 1988	98½	99½
...pc 1985	103½	104
... 1988 Nov.	101½	102½
... 9½pc 1983	101½	102½
... 9¼pc 1985	103	103½
...nada 9½pc 1986	104	104½
... Ferguson 9½pc 1991	104	104½
... 9½pc 1988	101½	102½
...pc 1983	102½	103
...stminster 9pc 1986	99½	100½
...dland 9½pc 1988	100½	101½
... 9½pc 1986	102½	103½
...ydro 9pc 1991	99½	100½
... 1988	101½	102½
...iebec 9pc 1984	102½	103½
... 9½pc 1986	102	102½
...skatchwn. 8½pc '86	100½	101½
...pc 1983	101½	102
...(Ind.) 8½pc 1988	102½	104
... Handels 9½pc 1986	103	104
...pc 1985	104½	105
... 8½pc 1983	101	101½
... Tokyo 8½pc 1981	102	102½
...las 9pc 1981	102	102½
... Mort. Bk. 9pc '83	101½	102
...pc 1981	102½	102½
... 8½pc 1982	100	100½
... 8½pc 1983	100	100½
... Urban 8½pc 1981	100½	101½
...inanciera 10pc '81	102½	103½
...l Bosord 8½pc 1981	100½	101
...nswick Prov. 8½pc	102½	102½
... 9pc 1983	104½	105

...: White Weld Securities, London.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	82½	84½
Ashland 5pc 1988	83½	84½
Beatrice Foods 4¼pc 1992	99½	101½
Beatrice Foods 4½pc 1992	110½	112½
Borden 5pc 1992	102	104
Broadway Hale 4¼pc 1987	79½	81½
Canon Camera 7½pc 1989	158	—
Carnation 4pc 1987	83	85
Chevron 5pc 1988	111½	113½
Dart 4¼pc 1987	86½	88½
Eastman Kodak 4½pc 1988	102½	104½
Economic Labs. 4¼pc 1987	79	81
Fed. Dept. Stores 4¼pc '85	110	112
Firestone 5pc 1988	89	91
Ford 6pc 1986	95½	97½
Ford 5pc 1988	86	88
General Electric 4¼pc 1987	83½	85½
Gillette 4¼pc 1987	78½	80½
Gould 5pc 1987	99	101
Gulf and Western 5pc 1988	90½	92½
Harris 5pc 1992	83	85
Honeywell 6pc 1986	82	84
ITT 4¼pc 1987	79	81
Komatsu 7½pc 1990	101	102½
J. Ray McDermott 4¾pc '87	152	154
Mitsubishi Elec. 7½pc 1991	104	105½
Mitsui 7½pc 1990	102	103½
J. P. Morgan 4¼pc 1987	109½	111½
Nabisco 5½pc 1986	93	95
Owens Illinois 4½pc 1987	106	108
J. C. Penney 4¼pc 1987	82½	84½
Pioneer 6½pc 1989	236	—
Raymond 8¼pc 1993	105	106
Revlon 4¼pc 1987	109	111
Reynolds Metals 5pc 1988	88	90
Sperry Rand 4¼pc 1987	95½	97½
Squibb 4¼pc 1987	78½	80½
Texaco 4½pc 1988	79½	81½
Toshiba 6½pc 1990	103½	105½
Union Carbide 4¼pc 1983	107½	109½
Warner Lambert 4¼pc 1987	86½	88½
Warner Lambert 4¼pc 1988	82	84
Xerox 5pc 1988	77	79

Source: Kidder, Peabody Securities.

Bankers at Mansion House

● THE CHANCELLOR OF THE EXCHEQUER

Boost in exports and investment 'only road back to full employment'

THE RETURN to full employment rested on exports, import substitution and investment, said Mr. Denis Healey, Chancellor of the Exchequer, at Mansion House last night. "Until we have eliminated the deficit on our balance of payments, we can afford no increase in public or private spending," he added.

The Chancellor began: "We meet to-night at a time when all over the world governments and peoples are worried because their economic recovery has been slowing down in recent months. They are asking themselves whether it is simply a temporary interruption in the upswing, as occurred at the same point in the last trade cycle in the summer of 1972, or whether it is something more permanent.

"Inevitably some of those who fear the latter are claiming that current policies have failed and that a fundamental change of direction is required.

"I believe that those who insist on the need for a fundamental change of direction, whether towards the extreme of a siege economy or towards the other extreme of a severe deflation have failed to think through the consequences of what they recommend.

"I believe, too, that the demand for a fundamental change arises in large part from a failure to recognise the inevitable time lag which must intervene between a policy decision and its effect on the economy."

The Government's objective must be the speediest possible return to full employment—to the full use of all the resources at our disposal, he said.

"But we have learnt through hard experience—and I believe the British people have learnt it too—that we cannot hope to achieve full employment and to sustain it until we have mastered inflation.

"One of the major benefits we have derived from the troubles of recent years is that no one in Britain now seriously disagrees with the proposition that inflation is the greatest enemy of full employment.

"We have also learnt, again from hard experience, that the return to full employment must go hand in hand with a return to equilibrium in our balance of payments.

"For this reason we cannot afford to base our economic growth on an increase in domestic consumption.

"We must base it on exports, import substitution and investment. Until we have eliminated the deficit on our balance of payments we can afford no increase in public or private spending. On the contrary.

"Living standards will have to suffer a further fall before we are paying our way in the world once again. Perhaps I can repeat the words I used in this Mansion House the first time I spoke here as Chancellor of the Exchequer:—

19455 "There is an analogy with 1945 also in the scale and mature of our national economic problem. Now, as then, we must adjust our whole way of life to meet a serious worsening of the conditions in which we must pay our way in the world; we must forgo any increase in our living standards as a nation until the fundamental readjustment has been carried through. Now, as then, we need a degree of national unity which can only be achieved through a fairer sharing of the inevitable sacrifice."

That was two years ago. It is perhaps too easy to forget that only a few months before I used those words many observers of our national condition, both at home and abroad, had serious doubts whether it would be possible for any British Government to carry through the fundamental readjustment needed without shattering the political and institutional framework which Britain has developed over the centuries.

Pay policy

"There was a real fear that Britain might have become ungovernable."

Mr. Healey went on to say the Government never took that view. But it believed in a gradual readjustment based on an ever closer co-operation between the Government and both sides of industry.

"Our Social Contract with the trade union movement produced a pay policy which has been an unprecedented success," he said. "Many of our friends abroad are now attempting to develop such an agreement for themselves."

"The Social Contract has produced another benefit, no less important than the pay policy—the dramatic improvement in our industrial relations. We still have problems, above all in the motor-car industry, but over the economy as a whole this year has seen the lowest number of stoppages for 20 years. This achievement is not as some have argued, an automatic result of high unemployment. Far from it.

Mr. Healey went on: "The improvement in industrial relations is of critical importance to the other pillar on which our whole economic strategy rests—the attempt to improve the performance of our manufacturing industry so as to get the soundly-based industrial expansion on which a rapid return to full employment must depend.

CBI support

"In the document it has just published, the CBI has once again reaffirmed its support for our industrial strategy and for the improvement in performance at which it aims.

"It recognises that this improvement in performance depends in the end on co-operation between management and work force at the level of the individual plant.

"The CBI has a good deal to say about the Government's responsibility for creating the environment in which both sides of industry can join in making us more competitive.

"I look forward to discussing their proposals in more detail in the near future. But we have already committed ourselves to give priority to the needs of manufacturing industry, as they desire.

"And I am immensely encouraged by the extent to which we have already succeeded in replacing the arm's length relationship between Government and industry which has so often held Britain back in the past, with a closer and more constructive one.

Mr. Healey welcomed last week's joint memorandum by the TUC and the CBI on imports and other problems of international trade. "We are now studying the practical suggestions made in this memorandum for measures to improve our trading performance and to deal with unfair competition," he said.

Co-operation

The Chancellor did not believe the Government could build a close relationship with management and labour but stand aloof from the financial world which mobilises so much of the capital for industry.

"There is no reason why mutual understanding and co-operation should stop at Temple Bar," he said. "I believe the City and the Government, of whatever party, should be able to discuss common problems and the way to solve them as freely and constructively as Government and industry now do within the framework of the industrial strategy.

Saying that gradualism "is the price exacted by democracy for any major change," the Chancellor went on: "But democracy has another characteristic too—impatience, the desire to see quick results, to produce heaven on earth overnight. It is a natural desire.

"Yet one of the lessons which I think we are all learning from our experience is that fundamental changes cannot be produced at a stroke.

"There is an economic as well as a political reason for this. A long time lag must often intervene between a policy decision in Whitehall and its effects on the real economy outside.

"The failure to accept that these time lags are inevitable can have disastrous consequences. There is, for example, a lag of up to a year between an increase in output and the fall in unemployment it produces.

"An earlier British Government was unable, or unwilling, to accept this fact of economic life. It therefore started a massive expansion of domestic demand just at the moment when the underlying growth of the economy was well established and some areas were already coming up against capacity constraints.

"We are still paying the price for the result. But at least this Government has resisted the temptation to follow suit by engineering a temporary consumer boom, despite formidable political pressure to do so.

"There is an even longer time lag between a fall in exchange rates and the improvement in the balance of payments. Impatience with this time lag is already leading some to call for import-controls as a short-cut to external balance and full-employment.

"Yet all experience suggests that the depreciation earlier this year will generate a big increase in export demand and output within a year or so—at least as soon as any scheme of import controls could have its full effect.

"I cannot believe it would make sense to risk retaliation against the exports on whose growth our most dynamic and competitive industries depend, in order to protect our less efficient industries against fair competition from abroad. So we shall resist that temptation, too.

"There is another time lag, between decisions to reduce public expenditure or increase taxation and the effect on those decisions on output, employment and the financial balances.

"That is for example why we had to take last summer the decision to reduce public expenditure in the financial year which starts next April.

"And that is why, the other day, when we had to take urgent need for action to reduce the supply of money in the economy, there was no possible response which would have acted in time except, as earlier Governments have found in similar situations, a squeeze on credit.

Storms

The Chancellor recalled: "The storms which beat about the head of my predecessor, Mr. Roy Jenkins," when the devaluation of 1967 seemed to be making the balance of payments worse not better.

The storms, he said, reached hurricane force when he introduced his credit squeeze in 1968. "Yet despite warning of industrial collapse at least as sombre as those which I get now, investment continued to increase," he said. "And in 1970 the economy was in better balance, both at home and abroad than at any time since the Second World War."

"I do not think many would deny that the problems which I had to face a few years later in restoring balance to the economy once again were even more severe than those he faced and mastered—the domestic problems I inherited were compounded by the increase in oil and other import prices which cut Britain's real income by some 5 per cent. in 1974.

"But I believe the Government was right to base its policy of readjustment on restoring co-operation with the productive forces in the economy—a co-operation which had been gravely damaged when it took office.

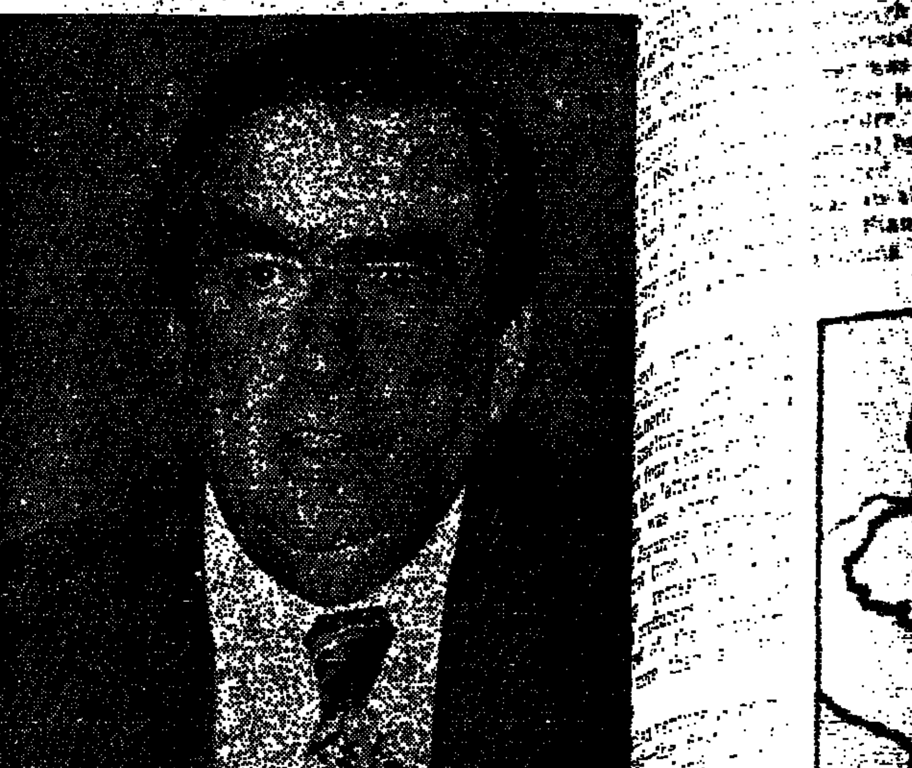
Mr. Healey said: "We have not hesitated to make adjustments to our policy when they were needed, however difficult and painful. There must be few if any other countries which are planning no increase in their public expenditure over the next two years and are actually cutting it in real terms next year.

"The new techniques we have adopted for ensuring that expenditure stays within the limits set will, I believe, prove more effective than this country has yet known.

"It has already had the most dramatic effect on local authority expenditure—hitherto the most refractory of all areas of public spending.

"Last July, I set a severe target for the increase in money supply—the first British Chancellor explicity to do so. Two weeks ago we took painful and unpopular measures to validate the target. These are actions, not words.

"They should testify that the Government is ready to make whatever adjustments are necessary to ensure steady and sustained progress towards the balance which it seeks.



● THE GOVERNOR OF THE BANK OF ENGLAND

Target for money supply growth 'should be lower'

BY MICHAEL BLANDEN

A PUBLICLY announced monetary target was supported last night by Mr. Gordon Richardson, the Governor of the Bank of England.

This should be set in conjunction with fiscal policy so that "the relative weights placed on fiscal and monetary measures in the attainment of the target can be clearly seen."

At present, the target for the growth of M3 was 12 per cent. "Next financial year it ought to be lower than that."

While stressing the efforts made in the past few weeks to keep within the limit set, the Governor also asked whether a more rapid reduction in public sector borrowing might have to be considered.

Imprudence

In the first part of his speech, Mr. Richardson concentrated on the City and recent attacks on its activities.

"The first attack is concerned with financial malpractice. This is a legitimate target and it is undeniable that malpractices occur from time to time in the financial community, as I have noticed they do in other walks of life. But the scale of malpractice must not be exaggerated."

He argued that boom conditions in past years also led, not only in this country, to imprudence in some parts of the financial community.

Referring to yesterday's announcement of a joint body to keep under review the working of the present system of securities regulation, he went on "this arrangement, and the City's own collective efforts, will strengthen the effectiveness of the self-regulatory system and ensure that it operates, with the support of the law, to maintain the integrity and efficiency of the securities industry."

Turning to the criticism of the City on the grounds that it had failed British industry and somehow failed the nation, Mr. Richardson commented: "Whether I look back over the past three years or try to peer into the future, I find this attack odd.

"There are, of course, those who argue that the City's performance would be improved by a sharp increase in State ownership and intervention. I do not share this view and, for my own part, would have thought we should be better advised to reinforce the success of our existing system."

On the economy in general, "progress has not been fast enough to meet our needs. We are still in the grip of severe inflation and the fall in its rate has stalled for the time being. After three years at record size, a large external deficit remains—and we have had a very heavy depreciation of sterling.

Solution

"We have now applied for support to the International Monetary Fund. That support would not in itself provide a solution to our problems; it is rather a measure of them. We will be discussing with the Fund the conditions they will wish us to observe in return for support.

"But it would be wrong to consider the policy of this country primarily in these terms. It is better to focus our minds on what we need to do anyway, in our own interests.

"What is needed is again to live within our means. We must cease to be so dangerously beholden to others. Unhappily there are no easy remedies available, and no course that is not, at least for a time, painful and [...]tructive to some hopes.

"But nothing can now abs[...] us from the need to put national finances on to a m[...] stable basis.

"Monetary policy, and money supply, remain the [...]ject of expert, and inexp[...] controversy. Myself, I tak[...] simple view. We live at a t[...] of all-pervasive inflation danger.

"That being so, I think must be right to aim publ[...] for a growth in money sup[...] which will accommodate [...] realistic rate of economic gro[...] but not accommodate, more th[...] in part, the rate of inflation.

"Operating against that ba[...]ground, monetary policy [...] comes a powerful weapon in [...] fight against inflation.

Deposits

"So I believe it is right [...] have a publicly-announced mo[...]tary target, set in conjunct[...] with fiscal policy so that [...] relative weights placed on fis[...] and monetary measures in [...] attainment of the target can [...] clearly seen.

"The target for the growth [...] M3 is currently 12 per cent. N[...] financial year it ought to [...] lower than that. Over the p[...] few weeks, by raising inter[...] rates and calling for special [...]posits, we have demonstrat[...] our determination to keep wi[...]in the limit set.

"Monetary and fiscal policy and I would add incomes pol[...] —each have their part to pl[...] and should form a coher[...] whole. At present there is, [...]deniably, a growing questi[...] over the balance between [...] monetary and fiscal stances.

"The record level of inter[...] rates reflects in large part t[...] difficulty of financing, witho[...] excessive monetary expansi[...] the present public borrowi[...] requirement. The current star[...] of monetary policy will have [...] continue for the time being.

"But it is far from costl[...] and if interest rates remain high for long they will begin [...] be a powerful deterrent to inve[...]ment, only now showing signs [...] recovery.

"In that case, as the Cha[...]cellor has pointed out, one wou[...] have to ask whether this imp[...] on industrial revival was acce[...]able or whether public sect[...] borrowing should not be reduc[...] more rapidly, so as to provi[...] more scope for the borrowing [...] industry.

"The balance of payme[...] deficit to which I have alrea[...] alluded is an additional reas[...] for asking whether a quick[...] reduction of public borrowi[...] will not be needed. The balan[...] of payments is no doubt set [...] improve, more especially over [...] span of years.

"But we need early eviden[...] of such improvement. If it [...]quires a further degree [...] austerity to guarantee this, [...] believe we shall have no choi[...] but to accept it.

● CHAIRMAN OF THE STOCK EXCHANGE

Need for 'a people's capitalism'

THE FAILURE of Governments since the war to "put first things first" had been partly responsible for the present problems of the U.K., Mr. Nicholas Goodison, chairman of the Stock Exchange, argued.

The country, he said, faced "not so much a crisis as an acceleration into a moral and intellectual decline, quite apart from a financial one, which is very un-British."

This had been partly caused by governments which had "concentrated too much on encouraging consumption and not enough on encouraging industrial investment and saving."

The problem now was "not only to reverse this but to explain to the people of the country, without using the language of extremists, that it must be reversed and that the days of electoral bribery, the days of 'you never had it so good,' are over."

Mr. Goodison said: "Political expediency is an unwise basis of government and it often leads to an even unwiser one, a basis founded in a doctrine well understood by the underminers of our society, that might is right."

He believed that too many of the potential creators of the country's wealth and savings, the younger managers, were feeling "deeply frustrated." Before apathy set in, he rgued, "we must re-find a sense of purpose."

Freedom

This could not be provided by old-fashioned capitalism—its days were past—but "we need now to find a new capitalism, a people's capitalism if you like, and we need to find it fast before the people who most matter to all of us in this country give up trying altogether.

"The first thing we have to do is to reverse the encroachments on the freedom of the individual which seem to be encouraged by all Governments," Mr. Goodison maintained.

"The second need is to restore our faith in our ability to succeed. But we won't do this until success becomes worthwhile.

"If we do not stimulate success we will not have the means of carrying out our social duties —helping the old, the young and the sick." Mr. Goodison said that the Chancellor recognised that taxes would remain too high until we spent no more than we earned.

He went on: "We need to stimulate success in industry and commerce, including financial services, by encouraging people to work for reward and to save for reward.

"At present we discourage both. I need not list the fiscal measures to this knowledgeable audience by which we encourage people to relax, to take time off, rather than to work, and to spend rather than to save.

"Above all," Mr. Goodison said, "we have to re-learn to work together. We cannot go on rowing in different directions, because we are all in the same boat.

"This demands new attitudes all round. Each one of us must think how best he can help the boat up river. Governments must develop and stick to consistent fiscal and economic policies for the encouragement of industry (and I do not mean the control of industry) and give up the urge to legislate and de-legislate every time a different coloured party wins."

"Trade union leaders must get away from the worn out beliefs and the political fighting which is destroying our society and turn to their new responsibilities, because power brings responsibilities.

Exports

"These responsibilities must be the encouragement of greater productivity, of profitability and of exports, because these are the only ways in which their members will earn more money, or even as much money as they have earned in the past.

It was nonsense, he said, to argue that there was a strike of finance or that the nationalisation of our leading financial institutions would cure our industrial illness.

"Finally, those of us who try to channel savings to industry and to help them with their developments and their risks must get closer to the people in industry and play an even more active role.

"We must also work closer together to ensure that our markets are efficient enough to meet the capital needs of both industry and Government."

Mr. Goodison concluded with some comments about the supervision of Company Law and the capital markets.

"We have given a lot of thought at the Stock Exchange to this question and nearly two years ago we submitted a document to the Department of Trade about it.

"Since then we have worked hard and I believe successfully with the department with the aim of achieving closer co-operation in carrying out our respective roles.

"The great mass of British companies regulate their affairs responsibly. But in order to protect the people who work for them and the people who invest their savings in them and to deter unscrupulous men who will from time to time push to the extremes permitted by law, I am convinced that we need an active Department of Trade and an active Stock Exchange visibly working together."

But the supervision of capital markets was not only a matter for the Stock Exchange and the Department of Trade. Several bodies in effect shared responsibility.

"I have also suggested to the Secretary of State that in the Take-over Panel we have a first draft of what we need for the supervision of capital markets and their users. The way in which the different parts of the securities industry come together in this body could be a model for working together in a wider supervisory role. Clearly the Government and the Bank of England would want to be involved in thinking about the establishment of a body of this sort.

Mr. Goodison welcomed Mr. Dell's announcement about improving the supervision of the securities market.

"In particular, I am very happy that we have not got to wait for Sir Harold Wilson to submit his report. I would rather we got down to it now because I believe that we can improve our supervisory methods by working together in this way and so continue the City's long tradition of continuous reform in the interests of the country's prosperity."

● THE CHAIRMAN OF LLOYD'S

'We cannot afford any more spite and envy'

ACTIVE ENCOURAGEMENT of the areas of industrial and commercial life which are "demonstrably successful" was needed to restore confidence in the U.K., Mr. H. H. T. Hudson, chairman of Lloyd's, said.

He said: "We just cannot afford any more to indulge feelings of spite and envy which have, for 30 years or more, become accepted as the automatic reaction to all forms of personal or corporate success—except, of course, the winning of large sums of money from the football pools."

The second requirement to restore confidence, he said, was that "the people of this country are entitled to expect leadership, and leadership of a particular kind."

In the business world and the political world, Mr. Hudson argued, "it ought to be made absolutely clear that the people want more than business expertise and political expertise.

"They want leaders to stand up for what is right and they know to be right, and to denounce what is wrong and they know to be wrong. And they want them to do this even if it means the abandonment of a cherished doctrinaire approach to the conduct of the nation's business."

Mr. Hudson maintained that confidence was the reason for the success of Lloyd's itself and its ability to "earn premium in excess of £1,500m per annum, three-quarters of that premium coming from abroad."

These earnings, he said, were achieved not only be expertise and hard work; such factors are necessary but not sufficient conditions."

● THE LORD MAYOR

Sir Lindsay declares his personal interests

THE ROLE of the Lord Mayor on such an occasion should be that of referee, Sir Lindsay Ring said opening his speech. But in the case of every speaker last night he felt he had to declare an interest.

In the Chancellor — who seemed to be acquiring most of his money and deciding how to spend it, long before he had acquired it.

In the Chairman of the Stock Exchange—who had powers over his stockbroker.

In the Chairman of Lloyds—where he was an underwriting member.

In the Governor of the Bank of England—It was under his predecessor, Montague Norman, that Sir Lindsay started his City career as a member of the Bank's staff.

Sir Lindsay said: "I think it was A. P. Herbert who said: 'I lift up my hands and humbly thank the Government which nationalised the Bank. I'm uplifted every time I see the Bank of England which belongs to me'."

The Lord Mayor went on: "My term of 1934 celebrated a reunion at 25 years on and I was interested to discover that my record stated that I had resigned, whereas all those after me were down as quitted.

"As both words contain the same number of letters and thus no saving of ink, I conclude it indicates a state of mind rather than a record of fact."

He went on to propose the toast, a prognostication in verse:

The Chancellor may tax our fortitude
It's all there's left to tax;
Lloyd's Chairman will insure
We give attention to the facts.
We shall listen to the Governor
With interest much inflated,
After hearing from the Stock Exchange
Of the issues he's created.

The guest list in full

THE GUESTS, in alphabetical order, were:

Mr. L. Airey, The Earl of Airlie, Lord Aldington, Sir Lindsay Alexander, Mr. J. E. Ammerman, Dr. Francesco Anzilotti, Lord Armstrong of Sanderstead, Mr. F. D. Ashby.

Mr. M. J. Balfour, Mr. Charles I. Ball, Mr. K. A. Ballard, Mr. H. O. Balls, Lord Barber, Mr. John Baring, Sir James Barker, Mr. R. J. Barnes, Sir Donald Barron, Mr. T. J. Bartley, Sir Robert Bellinger, Mr. G. Benezak, Mr. Alex Bennett, Sir Henry Benson, Mr. J. A. F. Binny, Sir James Blair-Cunynghame, Mr. George Blunden, Mr. Edgar Bowring, Mr. G. Bonham-Carter, Mr. H. G. Brewer, Mr. Nigel Broackes, Lt.-Col. St. John Brooke Johnson, Mr. T. A. Gore Browne, Mr. Peter A. Bull, Mr. John B. Burke.

Mr. G. A. H. Cadbury, Sir Frederick Catherwood, Lord Catto, Mr. J. A. Cave, Mr. Richard C. L. Charvet, Mr. K. W. Christie, Sir John Clark, Mr. Hilton Clarke, Mr. William Clarke, Mr. L. H. Cohen, Lt.-Col. A. Colin Cole, Mr. W. P. Cooke, Dr. James Cope, Mr. Kenneth Cork, Mr. T. R. Craig.

Mr. D. H. Darbishire, Mr. Allan Davis, Sir Richard Dobson, Mr. J. C. R. Dow, Mr. P. H. Dunne.

Rear Admiral E. W. Ellis, Mr. A. N. Eskenzi, Mr. D. Ivor Evans, Sir Derek Ezra.

Mr. Basil Fehr, Mr. R. [illegible]ll, Mr. J. S. Fforde, Mr. W. D. Finlay, Ensign & Quartermaster J. L. Fish, Sir Archibald Forbes, Mr. W. E. Fordham, Sir Charles Forte, Sir Murray Fox, Mr. Ian Fraser.

Mr. T. F. Gaffney, Mr. R. D. Galpin, Mr. I. H. T. Garnett-Orme, Mr. R. K. C. Giddings, Mr. F. M. Gill, Mr. Nigel R. Godwin, Sir James Goldsmith, Mr. Nicholas Goodison, Mr. S. T. Graham, Mr. J. P. Griggs.

Mr. C. E. A. Hambro, Viscount Harcourt, Mr. N. H. Harding, Mr. Martin Harris, Mr. W. C. Harris, Mr. A. F. R. Hatfield, Mr. Denis Healey, Mr. Barrie Heath, Mr. R. A. Henderson, Mr. R. J. Henderson, Mr. Derek A. W. Hewson, Mr. Michael Hinton, Mr. J. E. Hoare, Mr. Rennie Hoare, Dr. G. I. Hobday, Sir Julian Hodge, Sir Jasper Hollom, Mr. Wimburn Horlock, Sir Geoffrey Howe, Mr. H. H. T. Hudson, Mr. John Hull, Mr. P. E. Hutson, Mr. John B. Hyde.

The Earl of Inchape, Mr. P. E. Isserlis.

Mr. Alex Jarratt, Mr. G. Jeelof, Mr. D. C. G. Jessel, Sir Alexander Johnston, Mr. D. A. Johnston, Mr. Anthony S. Jolliffe, Mr. Maxwell Joseph.

Mr. J. M. Keith, Lord Kissin, Mr. Stanley Kitchen, Sir Arthur Knight.

Sir Maurice Laing, Mr. Alan Lamboll, Mr. J. C. Lascelles, Lord Lloyd of Dolobran, Mr. R. E. B. Lloyd, Mr. John O. Lyle.

Mr. R. B. McCay, The Rev. Donald McGill, Sir Ronald McIntosh, Mr. C. W. McMahon, Mr. Angus MacKinnon, Mr. Angus MacQueen, Mr. A. R. Macmillan, Lord Mais, Mr. R. G. Martin, Sir Roy Matthews, Sir Ronnie Maudslay, Sir Stuart Milner-Barry, Lt.-Col. Peter Milo, Mr. N. J. Monck, Mr. C. J. Montgomery, Mr. B. L. Morgan, Mr. G. L. B. Morgan, Sir Jeremy Morse, Lord Moyne, Mr. Cyril Murkin.

Lord Nelson of Stafford, Mr. C. L. Nelson, Mr. W. F. Nicholas, Mr. John Nichols, Sir David Nicholson, Mr. P. J. Nicholson, Mr. T. Ohta, Mr. David Orr, Mr. P. H. Owen.

Mr. J. B. Page, Mr. D. J. Palmar, Mr. S. W. Payton, Dr. A. W. Pearce, Sir William Pile, Mr. B. H. Piper, Mr. Leslie Porter, Mr. J. R. L. Potter, Mr. G. de la Presle, Mr. Christopher J. Prideaux, Sir Humphrey Prideaux, Sir John Prideaux.

Mr. Christopher Rawson, Mr. Neville Rayner, Mr. Edward J. Reeves, Mr. M. J. Regan, Mr. Gordon Richardson, Sir Lindsay Ring, Mr. Nicholas Ring, Mr. Andrew Rintoul, Mr. A. J. O. Ritchie, Mr. J. D. Robbins, Lord Robens of Woldingham, Mr. T. L. Robinson, Mr. Spencer Rodgers, Mr. Evelyn de Rothschild, Mr. Leopold de Rothschild, Mr. David Rowe-Ham, Mr. A. M. Russell, Sir William Ryland.

Mr. John Sainsbury, Mr. Walter Salomon, Sir Francis Sandilands, Mr. R. Santamaria, Mr H. D. Seccombe, Lord Seebohm, Lord Shawcross, Lord Sherfield, Mr. K. S. Showering, Mr. A. P. W. Simon, Mr. A. E. Singer, Mr. D. D. Rae Smith, Mr. I. W. K. Smith, Mr. P. C. Smith, Mr. R. B. Smith, Mr. A. N. Solomons, Mr. S. W. C. Sprunt, Mr. H. J. Spurrier, Mr. J. C. G. Stancliffe, Mr. D. E. C. Steel, Mr. John L. Stevenson, Mr. A. W. H. Stewart-Moore, Mr. Gerald M. Stitcher, Mr. Arthur Sugden.

Mr. Kenneth Taylor, Sir Robert Taylor, Col. L. B. A. Thacker, Mr. Peter Theobald, Mr. Guy Thomas, Mr. J. M. Thomas, Mr. M. J. Thornton, Mr. K. A. C. Thorogood, Mr. H. B. Titchener, Mr. Alan Traill, Mr. A. F. Tuke, The Rev. Canon Richard Tydeman.

Air Commodore Peter Vanneck, Mr. P. D. F. Varrall, Sir Reginald Verdon-Smith, Mr. Michael J. Verey, Mr. W. M. Vernon, Mr. E. H. Vestey, Sir Charles Villiers.

Mr. J. N. Waddell-Dudley, Sir Bernard Waley-Cohen, Sir Douglas Wass, Viscount Weir, Mr. D. V. Weyer, Mr. M. G. Wilcox, Sir John Spencer Wills, Sir Michael Wilson, Mr. R. A. Withers, Mr. F. F. Wolff, Sir Isaac Wolfson, Sir Hugh Wontner, Mr. Peter Wood, Mr. A. J. P. Woodhouse, Mr. W. H. Wylie-Harris.

Sir Philip de Zulueta.

JMINIUM PRODUCTION IN BRAZIL

apan's Brazilian venture

BY DAVID WHITE, RIO DE JANEIRO

ILIAN AND Japanese its will start work on an tium complex near the n port of Belém when the ease off next spring. At a f $1.3bn. and destined to e 320,000 metric tons a t full capacity, which will ched in 1985 or 1986, the s likely to be the biggest f its kind in the world ething of a turnaround industry and a big boost azil's aims of economic ndence.

project, involving an a-producing company Alunorte and an um smelting unit called took four years of pre-n, in the latter stages of there was some doubt the Japanese participa-In that time, what with sharp recession that ium producers are just ig out of, the industry een more than a little up.

Brazilian venture is being ahead—the first major y of any kind in the n—while expansion plans developed countries are on the shelf. In view big requirements of as well as capital, and ncreasingly close-fisted es of bauxite-exporting ies, it seems logical that roduction should move to the bauxite is. In Brazil is not only hydro-electric ial, but also a cheap supply.

n's entry into Brazil also another chink in the r of the four big U.S. and an companies which have ited the industry. Two of —Alcoa of the U.S. and i's Alcan—have up to now the biggest Brazilian ers.

Alunorte and Albrás ations will be built at Vila nde, outside Belém, with that will be able to take of up to 60,000 tons—and elieve the present over- facilities—and a new nip to accommodate 30,000 workers. If all goes well, st of four 80,000-tons-a- luminium units will go alf-capacity production in ears' time, and the inter- ry material alumina, of output of 800,000 tons is ed, will start to be ex- in 1982.

eement with the Japanese aled in September, when al Ernesto Geisel, the ian head of state, was in Tokyo. The delay in securing a commitment was probably one of the reasons President Geisel did not go there earlier, although the Brazilians are now vigorously denying that there ever was a problem.

This is hard to believe. The venture has been cut down almost by half since it was first mooted. The original target was an aluminium output of no less than 640,000 tons and two alumina units of 650,000 tons apiece, instead of one of 800,000. A 2,500 megawatt hydroelectric plant, due to power the installations from 1982 onwards, was severed from the project, of which it represented the biggest expenditure item. The Brazilians had wanted to raise $400m. of the estimated $2bn. cost of the power station in Japan. They are now in the process of arranging, instead, $520m. from a consortium of French banks, and French companies stand to get the juiciest construction contracts.

The Japanese have ceded their place in another aluminium project at Santa Cruz, an industrial district of Rio de Janeiro. Provisionally named Alusul, it has a projected capacity of 80,000 tons in 1978, later to be doubled, and will cost about $250m. Contacts were made with Mitsui and other Japanese companies, but a stake of about 30 per cent. is now being negotiated by Reynolds Metals of the U.S., with the rest being taken up by Brazilian state and private companies.

Japan's five-company consortium, Light Metal Smelters Association, gave its commitment to the Albrás project after a hefty financial shove by the Japanese Government, which is reported to be putting up $80m. of the money. Of the Japanese share of $628m., about 30 per cent. is equity capital and the remainder financing linked to equipment supplies by Japanese companies. Brazil hopes to furnish most of the machinery from its own industry.

Final terms have yet to be fixed, but the Japanese are to take 40 per cent. of Alunorte, which represents $345m. of the total investment, and 49 per cent. of Albrás (the remaining $955m.), in partnership with the Brazilian state-controlled mining group Companhia Vale do Rio Doce (CVRD). The Brazilian side of the finance will come from CVRD itself and the development bank Banco Nacional do Desinvolvimento Econômico.

The problem of energy costs —a major item in aluminium— has still to be sorted out, but it is hoped that the Government will subsidise electricity for the smelter, possibly gearing what it charges to aluminium prices on the world market.

CVRD, also the majority shareholder in Alusul and in the big new bauxite developments, will have a dominant role in the industry in the 1980s, when Brazil plans to stop importing, and start exporting, aluminium.

Other companies are also undergoing major expansion programmes. Alcan has received approval for raising plant capacity from 32,000 to 60,000 tons, at a cost of $90m. Alcoa's subsidiary Alcominas is doubling its output from 30,000 to 60,000 tons, the privately-owned Companhia Brasileira do Aluminio (CBA) expanding from 30,000 to 45,000 tons, and Aluminas Saramenha is planning to double its 28,000 tons capacity.

The intention is to catch up with a steady increase in the domestic market, now around 280,000 tons and expected to be between 450,000 and 490,000 tons at the end of the decade. Last year, Brazil produced 121,400 tons of ingots, not counting scrap recovery, and in the past couple of years has had to import some 100,000 tons a year. The gap is now closing.

The bulk of the industry is concentrated in the central state of Minas Gerais, where there are bauxite reserves of 160m. tons, which would serve Brazil for some time to come. In order to make more use of them, the state's Industrial Development Institute is seeking another aluminium producer.

But these bauxite deposits are dwarfed by recent discoveries made in the Amazon, where resources are conservatively put at 1.6bn. tons. On the River Trombetas, north of the Amazon, CVRD is developing reserves of between 500m. and 600m. tons along with Alcan, CBA, and six smaller shareholders from Norway, Spain, Holland, the U.S. (Reynolds) and Britain (Rio Tinto Zinc). An investment of $280m., the Trombetas mine is to produce 3.35m. tons of bauxite in 1979, of which 1.2m. tons is destined for Alcan, and 10m. tons in 1985. CVRD has earmarked a third of this.

RTZ has a deposit estimated at 100m. tons at Paragominas, south of Belém, which it may develop in conjunction with CVRD.

There is every indication, therefore, that during the next decade Brazil will become a major exporter of all three products—bauxite, alumina and aluminium. Half of Albrás' eventual production will be destined for sale on the world market.

Early gains reversed: off 4 at 1 p.m.

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Oct. 21.

FURTHER MODEST gains were reversed on Wall Street to-day, when there was nothing special to move the market in either direction.

After rising another 2.16 to 957.03, the Dow Jones Industrial Average reacted to 950.71 by 1 p.m. for a net loss of 4.16. The NYSE All Common Index dipped 13 cents to $54.20, after gaining 6 cents to $54.39, while the trading volume expanded 2.35m. shares to 10.56m. compared with 1 p.m. yesterday.

Closing prices and market reports were not available for this edition.

In the news background, the Labour Department reported that the U.S. Consumer Price Index in September rose 0.4 per cent. following a rise of 0.5 per cent. in August. The increase, the smallest since the 0.4 per cent. gain last April, was about in line with expectations.

Amstar fell $⅞ to $40⅜ after reporting lower earnings.

Franklin Mint dropped $2¼ to $25⅞. National Semiconductor $2⅛ to $29½, IBM $2 to $261¼ and Texas Instruments $3¼ to $100⅞.

But Inco gained $⅝ to $32⅝ on improved earnings.

Avon Products also picked up $⅜ to $45⅞ on higher third quarter profits and its forecast a good fourth quarter.

Data General rose $¼ to $41, following increased earnings.

United Technologies and Signal Companies were each firm on improved profits.

The American SE Market Value Index shed 0.01 to 98.84, after rising 0.12 to 98.97, while the trading volume expanded 260,000 shares to 1.15m. compared with 1 p.m. yesterday.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Nat. Chemsrch.	276,200	19½	+⅛
Dow Chemical	233,500	41⅞	+⅛
Polaroid	219,600	36⅛	+⅛
Fla. Pwr. Lt.	190,500	25⅛	−⅛
Southern Co.	181,200	15⅛	+⅛
Norton Simon	189,400	21⅞	+⅛
Ohio Edison	154,900	19⅞	−⅛
Tenneco	147,600	32⅞	−⅛
Amer. Tel. and Tel.	147,500	59⅞	−⅛
General Motors	132,700	72⅛	+⅛

OTHER MARKETS

Canada easier

Most sectors slipped slightly in light trading on Canadian Stock Markets yesterday morning.

The Industrial Share Index shed 0.08 to 177.96, Golds 0.96 to 239.07, Base Metals 0.23 to 80.11, Western Oils 0.20 to 201.70 and Utilities 0.03 to 142.95. But Banks gained 0.32 to 240.84 and Papers rose 0.37 to 115.15.

Crown Life Insurance moved up $2¼ to $43¼, Canadian Tire gained $⅜ to $37⅛ and Bow Valley Industries rose $⅛ to $21⅞.

PARIS—Prices fell after the Deputy Finance Minister reaffirmed the Government's intention to reintroduce its special Anti-Inflation Tax on January 1, 1977.

End of Account operations also contributed to the slide with the heaviest falls in Metals, Engineerings and Foods.

Banks were all lower except for UCB which rose.

Cotelle led falls in Chemicals. Electricals and Oils were also lower.

Pechiney Ugine Kuhlmann fell Frs.2.1 on its sharply lower first half 1976 net profits.

German issues rose, while Americans and Golds were mixed. International Oils were steady but Coppers fell.

BRUSSELS—Modest gains predominated in moderate trading.

Metals were steady to higher, Steels finished mixed, as did Chemicals and Holdings, Oils firmed while Electricals improved.

U.S. shares advanced modestly, Dutch stocks gained, French shares weakened, while Germans were little changed. South African Gold Mines were steady to firm.

GERMANY—Mixed after a firm start following a lack of follow-up support.

Banks, Chemicals and Electricals were little changed, while Motors and Stores eased and Steels lost up to DM1.50.

Krupp Huettenwerke were up DM5 to 120, following news that Iran is buying a 25 per cent. stake in the Fried Krupp GMBH Holding Company.

Deutsche Lufthansa AG. rose DM1.3, on more passengers in the first nine months of the year.

Interest in Domestic Public Bonds continued strong and the Bundesbank sold DM45m. of Bonds. Foreign Mark Loans were also firmer.

OSLO—Industrials were barely steady, insurances mixed, Banks firm, while Shippings were quiet.

COPENHAGEN—Mixed in quiet dealings.

VIENNA—Quietly steady.

AMSTERDAM — Most stocks higher in very lively trading.

Banks and Insurances rose, as did most Industrials and Trading stocks, but Transports were lower.

State Loans firmed after opening mixed.

SWITZERLAND — Mixed in generally quiet dealings.

Interest centred on Juvena which jumped Frs.65 t o265, due to continued short-covering.

Leading Banks were steady, as were Insurances, while Industrials were irregular.

Foreign sector generally quiet. Dollar stocks and Dutch Internationals were steady, while Germans were narrowly mixed.

MILAN—Prices recovered an average 1.5 per cent. on continued support by State Banks and also by some speculative demand.

TOKYO—Generally higher as interest revived in Electricals and Blue Chips. Volume 140m. (130m.) shares.

Among Electricals, TDK Electronics gained Y40 to 1,780, Matsushita Communication Y40 to 1,370, Alps Electric Y40 to 1,270 and Matsushita Electric Y13 to 609.

Hitachi Metal put on Y7 to 285.

Some chemicals rose on reports that talks will start on Japanese fertilizer sales to China, while Steel Mills were mixed.

HONG KONG—Slightly higher in sluggish trading. Hong Kong Bank were up 20 cents to $HK17.90, Hutchison 5 cents to 3.075, Wheelock "A" 20 cents to 2.55, Jardine 10 cents to 16.50, Swire Pacific "A" 10 cents to 8.90, Hong Kong Electric 2½ cents to 4.30 and China Light 10 cents to 24.70.

But Hong Kong Land were down 5 cents to $HK6.80.

JOHANNESBURG—Gold shares were generally easier in featureless trading. Financial Minings were quietly mixed.

Coppers were extremely quiet and mainly easier, and Platinums were also quietly easier.

Industrials were more active but basically easier.

AUSTRALIA — Mixed, with sporadic profit-taking paring earlier gains.

Hamersley rose 8 cents to $A2.33 and Aust. Guarantee 5 cents to 1.65 following their higher results.

Among Mines, Pancontinental eased 10 cents to 1.50 and Kathleen 5 cents to 1.3, but CRA put on 8 cents to 2.80 and Robe River 7 cents to 1.02.

Banks were weak, with ANZ down 10 cents to 3.35 and National 5 cents to 2.35.

Myer's firmed 4 cents to 2.20 and CSR 5 cents to 4.35.

Indices

NEW YORK —DOW JONES

	Oct. 20	Oct. 19	Oct. 18	Oct. 15	Oct. 14	Oct. 13	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrial	954.87	948.57	946.56	957.90	955.92	948.38	1014.79 (21/9)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
HomeB'nds*	89.79	89.67	89.82	89.90	89.56	89.88	89.95 (24/9)	85.68 (13/7)	—	—
Transport	208.46	206.87	206.81	204.79	204.87	206.99	231.27 (14/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	97.01	96.88	96.85	96.65	97.33	97.71	99.07 (21/9)	84.8 (26/5)	165.32 (20/4/65)	10.58 (28/4/42)
Trading vol. 000's	15,860	16,200	15,710	18,210	18,610	21,680	—	—	—	—

* Basis of index changed from July 1.

Ind. div. yield %	Oct. 15	Oct. 8	Oct. 1	Year ago (approx.)
	4.10	4.03	3.92	4.60

STANDARDS AND POORS

	Oct. 20	Oct. 19	Oct. 18	Oct. 15	Oct. 14	Oct. 13	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
* Industrials	113.86	113.46	113.49	112.85	112.77	114.30	120.8 (21/9)	101.64 (2/1)	134.54 (11/1/73)	3.52 (30/6/32)
† Composite	101.74	101.45	101.47	100.88	100.85	102.12	107.83 (21/9)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	Oct. 13	Oct. 7	Sept. 29	Year ago (approx)
Ind. div. yield %	3.59	3.56	3.46	3.80
Ind. P/E Ratio	11.56	11.66	11.97	11.78
Long Govt. Bond yield	6.27	6.25	6.23	6.26

N.Y.S.E. ALL COMMON

Oct. 20	Oct. 19	Oct. 18	Oct. 15	1976 High	1976 Low
54.35	54.18	54.21	53.90	57.51 (21/9/76)	57.88 (2/1/76)

Rises and Falls	Oct. 20
Issues Traded—1,875	Up—772
Down—587	Same—516
New Highs 28	New Lows 26

	Oct. 20	Oct. 19	Oct. 18	Oct. 15	1976 High	1976 Low
MONTREAL Industrial	177.25	177.21	178.89	178.00	207.53 (19/5)	176.01 (14/10)
MONTREAL Combined	177.47	177.57	177.24	176.52	199.78 (20/5)	175.67 (2/1)
TORONTO Industrial	178.04	178.21	177.69	176.96	197.45 (30/2)	176.01 (2/1)
JOHANNESBURG Gold	142.8	144.1	144.7	142.2	226.7 (12/5)	116.5 (25/8)
JOHANNESBURG Industrials	179.5	180.1	180.5	181.2	216.0 (21/5)	177.1 (30/8)

	Oct. 21	Previous	1976 High	1976 Low
Australia (a)	442.48	440.83	522.66 (19/8)	434.02 (18/10)
Belgium (b)	88.52	87.74	115.18 (5/2)	87.19 (15/10)
Denmark (d)	105.78	104.07	117.70 (19/8)	100.14 (14/10)
France (e)	55.4	56.1	74.5 (3/5)	54.0 (13/10)
Germany (f)	702.8	702.7	821.7 (17/5)	690.5 (13/10)
Holland (g)	85.2	82.1	106.5 (5/2)	77.9 (15/10)
Hongkong (h)	387.92	385.62	465.35 (17/8)	354.55 (2/1)
Italy (k)	70.53	69.66	91.57 (23/2)	66.35 (18/10)
Japan§ (m)	348.53	347.10	359.61 (1/9)	328.28 (6/1)
Singapore (n)	250.62	250.91	286.16 (3/2)	256.50 (2/1)
Spain (p)	73.22	74.19	100.79 (7/5)	73.22 (21/10)
Sweden (q)	386.96	385.35	478.86 (10/6)	382.08 (19/10)
Switz'rl'd (c)	267.0	267.2	298.8 (12/5)	265.5 18/10

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds. 40 Utilities. 40 Finance and 20 Transport. (c) Closed.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated
♥ Pts.500 denom. unless otherwise stated
♣ Kr.100 denom. unless otherwise stated
⊕ Frs.500 denom. unless otherwise stated

Pound steady

Sterling showed little change against the U.S. dollar in the foreign exchange market yesterday and was slightly firmer against major currencies in general. The dollar gained ground against the stronger European currencies, but the U.S. unit was reported to have received some support from the Swiss authorities. There was no indication of any pressure within the European snake and the joint float currencies remained well within their agreed limits.

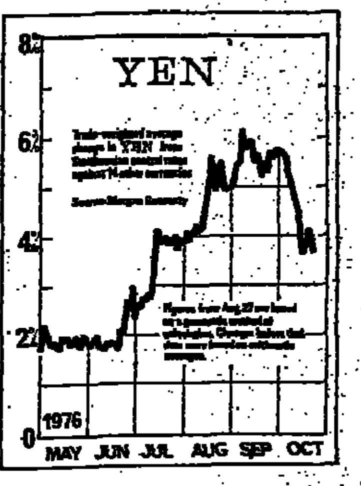
The pound opened at $1.6485-$1.6495, and touched a best level of $1.6505-1.6515 before lunch. The Bank of England may have given some support during the afternoon at around $1.6445-1.6455, but at the close sterling had recovered to $1.6467-1.6477, just 2 points above the previous night's close.

Discounts on forward sterling against the dollar narrowed, with the three-month pound closing at 5.67½ cents compared with 6.03 cents previously. The pound's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, narrowed to 45.4 per cent. from 45.5 per cent., after standing at 45.8 per cent. at noon and in early dealings.

The dollar's trade-weighted depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, narrowed to 2.44 per cent. from 2.54 per cent.

The D-mark, Dutch guilder and Swiss franc closed weaker against the dollar, while the French franc and Italian lira also lost ground.

Gold gained $1 to $115¾-116¼ but business remained very quiet. The krugerrand's premium over its gold content narrowed to 3.34 per cent. from 3.58 per cent. in both the domestic and international markets.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Oct. 20	Oct. 19
Sterling	0.700747	0.69754
U.S. dollar	1.15399	1.15115
Belgian franc	42.9919	43.1565
Deutschemark	2.79404	2.81065
French franc	5.72898	5.74971
Italian lira	1002.44	1000.44
Japanese yen	337.311	336.826
Dutch guilder	2.93921	—
Swedish krone	4.93019	4.95685
Swiss franc	2.81366	2.82204

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

GOLD MARKET

	Oct. 21	
Gold Bullion (a fine ounce)		
Close	$115¾-116¼	$114
Opening	$116¼-116¾	$115
Morning fixing	$116.60 (£69.897)	$114
Afternoon fixing	$116.00 (£70.397)	£69
Gold Coins domestically		
Krugerrand	$119-121 (£72¼-73¼)	$118
NewSov'r'gns	$42¼-44¼ (£25-27)	$42
Old Sov'r'gns	$41¼-43¼ (£25¼-26¼)	$42
Gold Coins (Intern'nally)		
Krugerrand	$119-121 (£72¼-73¼)	$118
NewSov'r'gns	$42-44 (£25¼-26¼)	$42
Old Sov'r'gns	$38-40 (£23-24)	$37.3 (£22¼)
$20 Eagles	$195½-198½	$191
$10 Eagles	$105-108	$105
$5 Eagles	$70½-73½	$68½

FOREIGN EXCHANGES

Oct 21 1976	Bank Rates %	Market Rates Day's Spread
New York	5½	1.6445-1.6515
Montreal	9½	1.5920-1.6065
Amsterdam	7	4.18-4.22
‡Brussels	6	61.00-61.60
Copenhgen	11	9.78½-9.80
Frankfurt	3½	3.97-4.02
Lisbon	6½	51.25-52.25
Madrid	7	111.90-112.50
Milan	15	1,427-1,437
Oslo	6	8.76-8.81
Paris	10½	8.17-8.21
Stockholm	8	7.01¼-7.06
Tokyo	6½	475-480
Vienna	4	28.10-28.70
Zurich	2	4.00½-4.05

* Basic discount. ‡ Rates given convertible franc: financial franc 62.70.

OTHER MARKETS

		Notes Rate
◆Argen'na	230.38-230.58	Argentina
Australia	1.5297-1.5425	Austria
Brazil	18.95-19.15	Belgium
Finland	6.55-6.57	Brazil
Greece	60.340-61.867	Canada
Hng Kong	7.9809-8.0075	Denmark
Iran	114-118	France
Kuwait	0.472-0.482	Germany
Luxembg.	61.17-61.57	Greece
Malaysia	4.1575-4.1719	Italy
N. Zealand	1.5928-1.7097	Japan
SaudiArab	5.77-5.87	Netherl'ds
Singapore	4.0575-4.0510	Norway
S. Africa	1.4288-1.4428	Portugal
U.S.—		Spain
Canda		Switz'land
C$1—		U.S.
U.S. cents	102.68-102.71	Yugosla'ia

* Basic discount. † Given rates for dealers. ◆ Rate given is official BCRA rate 410.32-410.52.

FORWARD RATES

	One Month	Three months
New York	2.17-2.07 c. pm	5.72-5.62
Montreal	1.60-1.50 c. pm	4.05-3.95
Amst'dam	4¾-3¾ c. pm	11½-10½ c.
Brussels	40-20 c. pm	90-70 c.
Cop'nhg'n	2 orepm-1½ oredis	1-3 ore dis
Frankfurt	6¼-5¼ pf. pm	14½-13½ pf
Lisbon	50-10 c. pm	50 c pm-50
Madrid	210-310 c. dis	470-820 c.
Milan	10-20 lire dis	35-55 lire
Oslo	6-4 ore pm	12-10 ore
Paris	6¾-5¾ c. pm	15-14 c. pm
Stockh'lm	½ orepm-1½ oredis	7-5 ore pm
Vienna	38-28 gro pm	85-78 gro
Zurich	7⅛-6⅛ c. pm	19½-17½ c.

Six-month forward U.S. dollar 9.93 pm and 12-month 16.90-16.80c pm.

EXCHANGE CROSS-RATES

Oct. 21	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Fr'nkfu't	—	2.4235 40	49.70 75	6.60-61	3 990-995	95.10-17	98.05-15
N. York*	41.21-23	—	20.10-12	2.671-673	1.6510-6525	39.27-29	40.88-90
Paris	2 5 12-.51	4.9655-9755	—	13.370-395	8.1765 2005	195.035-435	203.45 85
Brussels	1 53 38	37 14 19	7.47 49	—	61.10-25	14.58-62	15.21 25
London	3 99½ .00½	1.6467 77	8.19 2	61.17-57	—	4.19⅜ 20⅜	4.02½ 3½
Am'rd'm	106.45-85	2.452-77	51.15-20	6.8C5 55	4.1935 85	—	104.355-405
Zurich	101.79 90	2.4443-58	49.15 20	6.565 80	4.028-0315	95.88-96	—

U.S.$ in Montreal: U.S. $=97.30-32 Canadian cents.
Canadian $ in New York. C $=102.76-78 U.S. cents. U.S. $ in Milan 868.5-869.5
Sterling in Milan 1429.5-1432.0 *Rates for Oct. 20.

EURO-CURRENCY INTEREST RATES*

Oct. 21 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W.German mark	Swiss franc
†Short term	14½-14¾	4¾ 5	8¼-8⅞	7½ 8½	1⅞ 2⅛	1½-1⅝
7 days notice	18-19	4¾-5	7⅝ 8¾	7½ 8½	2⅜ 2⅝	2-2⅛
Month	21⅛-22⅛	5⅛ 5⅜	8⅞-9⅛	8 9	3⅞ 3⅞	1⅛-1⅜
Three months	20⅛-20⅝	5¼-5½	9⅛-9⅜	8¼ 9¼	4 4	1⅞-1⅞
Six months	8¾-13¼	5⅝-5⅞	9⅜-9⅝	7⅞ 8⅞	4⅛ 4⅞	2⅛-2⅜
One year	7¾-18⅛	6-6¼	1¼ 1½	7⅝-8⅝	5¼ 5⅜	2⅝-2¾

Euro-French deposit rates: two-day 11-11½ per cent.; seven-day 11½-11⅞ per cent.; one-month 11⅛-11⅞ per cent.; three-month 12-12½ per cent.; six-month 12¼-12¾ per cent.; one year 12½-12¾ per cent.

Longer-term Eurodollar deposits: two years 6⅞-7⅛ per cent.; three years 7⅜-7⅝ per cent.; four years 7⅞-8⅛ per cent.; five years 8⅛-8⅜ per cent.

The following rates were quoted for London dollar certificates of deposit: one month 5-5⅛ per cent.; three-month 5⁵⁄₁₆-5⁵⁄₁₆ per cent.; six-month 5⅝-5⅞ per cent.; one year 5¹⁵⁄₁₆-6¹⁄₁₆ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £ — 116% (115½%)

NEW YORK

CANADA

GERMANY ◆

PARIS

AMSTERDAM

MILAN

BRUSSELS/LUXEMBOURG

SWITZERLAND◆

COPENHAGEN ♣

VIENNA

TOKYO ¶

AUSTRALIA

BRAZIL

Vol.: Cr. 52.4m. Shares: 32.2m. Source—Rio de Janeiro SE.

JOHANNESBURG

MINES

INDUSTRIALS

SPAIN ♥

STOCKHOLM

OSLO

FINANCIAL TIMES SURVEY
Friday October 22 1976

Vending

Rapid growth of the vending industry in the 1960s was followed by a fall in demand, leading to a major reorganisation. To-day the industry is securely based and is well placed to use the technically sophisticated machinery that is being developed.

...eat ...ential ...be ...ped

...vid Walker

...early 1960s, a fully ...shop opened in south Fulham High Street. ...glass-fronted vending ...offering a range of ...and household goods ...ty of prices 24 hours ...seemed to be ushering ...age for vending.

...the industry were wild ...s about what the ...ht hold. "As exciting ...s ahead as the super...nd self-service retail...d had five years ago" Mr. James Gulliver. ...of the Fine Fare ...et chain's vending off...racterised the industry ...His was far from the well-estaablished com...lved. Hawker Siddeley had its vending sub... the British Motor ...n (through Fisher...ad one. And new con...emed to be springing ...e time, each outdoing ...n the extravagance of ...arket being aimed at

was a very specific one. Traditional retail vending—the selling of bars of chocolate and cigarettes through machines at railway stations and so on—was well-nigh static, ably looked after by a handful of long-established companies. But in the U.S. what was referred to as a vending revolution was going on in factories and offices throughout the country. Everywhere, machines to dispense hot or cold drinks to thirsty workers were being installed. And it was this that it was hoped to emulate in Britain.

The machine's constant availability, its labour-saving potential in terms of replacing teams of tea ladies, and its flexibility in being able to offer a variety of drinks would, it was argued, lead to vendings sweeping the workplace here as well. And, for a time, those predictions seemed to be coming true. At its peak, at the end of the 1960s, the number of new machines being installed exceeded 25,000 a year.

But it was to prove a short-lived peak. Demand slumped as dramatically as it had risen and companies left the business almost as rapidly as they had mushroomed, either disappearing totally or being taken over by U.S. concerns already well established in the vending field on the other side of the Atlantic.

What went wrong? First, there is no doubt that there were a fair number of what the industry to-day calls "cowboys" on the scene, pushing not necessarily very good products with the aim of making a lot of money very fast without worrying too much about what they left behind them.

And second, there was a general product problem, compounded by the difference between American habits and those here. For the American factory or office worker is as likely to want a cold drink as a hot one when he has a break. But the Briton is traditionally a tea (and, to a lesser extent, a coffee) drinker at breaktime. And hot drinks are far less likely to emerge satisfactorily from a machine than cold ones.

Health

This is particularly true if the machines used are not maintained and cleaned properly—to say nothing of the health risk that arises. And in Britain many machines were badly looked after and fed with second-rate ingredients. Ironically, that was the result of Britain's long tradition of industrial catering, a tradition that had been significantly bolstered by the wartime requirement that workers should be able to obtain a drink and a meal without having to leave the premises in which they were employed.

For the existence of in-plant catering already meant that vending machines were simply an alternative and theoretically better way of doing something that had long been done. So the same people tended to go on doing it, regardless of their knowledge of the requirements for keeping a machine working properly and turning out a palatable product.

A GKN-Sankey Micro-Vend buffet which provides a 24-hour service at Moorhaven Hospital, Bittaford, Devon.

In the U.S., by contrast, the overall concept was a new one. As a result, specialist companies—vending operators—were set up to deal with it. Instead of the vending machines being looked after by, in this connection, amateurs employed basically on other jobs in the factory or office, they became the responsibility of professionals from outside who really knew what they were doing. Product satisfaction remained high. And so did sales.

This side of the Atlantic, professional operators were seldom in evidence. By the end of the 1960s, only about 20 per cent. of U.K. installations were in the hands of the specialists, compared with 90 to 95 per cent. in America. Product satisfaction remained low.

Compounding the vending industry's problems was the turnround in the economic situation, with companies scrutinising their investment decisions and cutting back on fringe items. In vain did the industry point to the cost savings of replacing people by machines, and to the possible productivity bonus from keeping employees happy by making it possible for them quickly to have a drink at any time instead of at necessarily restricted set breaks. Sales slumped, businesses folded, and the fast-talking, hard-selling brashness which had characterised the industry ended, to be replaced by near silence.

To-day, however, the industry is arguably more securely based than it ever was in its high-flying days. Sales are steady at around 6,000 to 7,000 new installations a year. And the number of drinks bought through machines—2.9bn. last year, 2.7bn. of them hot and 171m. of them cold—is well up on the 2.5bn. total of five years ago even if there has been a fall from the 3.29bn. peak reached in 1973 (a decline linked in part to the cutback in overtime and rise in unemployment which has meant that, overall, people are spending less time actually at work and, therefore, in the position of being potential customers).

Penetration

The companies involved, too, —headed by the GKN engineering group's GKN Sankey division, which makes U.S.-designed machines under licence and imports others from America—are far more solid than many of those in the industry's high-flying days.

And, perhaps surprisingly, the penetration of hot drink machines in British workplaces is reckoned to be much the same as in the U.S., even though, when cold drink machines too are taken into account, Britain's figure of one installation for every 150 employees is still way down on the U.S. figure of one for every 20. (And the hot drink machine in the U.S. will generally sell fresh-brewed coffee—a rarity here, though machines to make it do exist—rather than the instant variety.)

As far as the percentage of machines looked after by professional operators is concerned, Britain again remains well below the U.S. But the proportion is creeping upwards, so that to-day the figure is about 35 per cent. And the machine manufacturers have been putting a great deal more emphasis on ensuring that their products are properly maintained than they did a few years ago, supplying cleaning kits, changing designs to make cleaning easier, and stressing the need for the machines to be properly looked after if the drinks provided are to remain palatable. There have, too, been links between producers and specialist operators to make the provision of a complete service easier.

The U.S.-owned National Vendors distributes its machines solely through operators, while GKN Sankey has just unveiled its approved operator scheme, under which GKN is giving special support to 23 operators around the country (the operating side of the industry generally tends to be in the hands of small, localised companies and there is no national specialist operator other than the big industrial caterers who are involved with vending as part of a far fuller factory catering business).

The main aim of the scheme is for the manufacturer and operator to work in partnership to guarantee the reliability and quality of the vending ser-

CONTINUED ON NEXT PAGE

VENDING II

Better products, wider choice

THE TWO outstanding developments in vending machines in the past few years have been the introduction of sophisticated electronics and the improvement in the range and flavour of food and drinks sold from them.

They are both related, for micro-circuits, similar to the "chips" used in calculators and electronic watches, are increasingly being used to control, not merely the metering of coins, but the dispensing of beverages as well.

Perhaps the improvement of coin mechanisms is the most important, for it not only removes a great deal of the traditional frustration which customers feel when the machine becomes jammed but considerably reduces operating and maintenance costs: the operator obviously stands to do significantly more business if his machine spends less time jammed up.

The importance of improved metering devices can be gauged from the fact that Wittenborg, the Danish vending company which now takes second place in the U.K. market to GKN Sankey, estimates that its electronic metering devices are subject to a failure rate of only 3 per cent. This compares with a failure rate of 30 to 40 per cent. on mechanical systems.

The propensity of old fashioned machines to reject, or simply to swallow up coins without delivering the goods, is one reason why many people still prefer to patronise the tea-lady or make a personal trip to the canteen. Quite apart from the advantages of human contact (which may be questionable in some cases), the customer is freed from the niggling worry of saving the right coins or of discovering, in spite of his efforts, that the machine will not accept them.

Balanced

Mechanical selection systems must, by their nature, be balanced very finely to distinguish genuine coins from those of a different weight, but the same size or of the same size but different weight. Electronic tests can do this job more accurately and without the need for moving parts. The coin is scanned by a magic eye for size, and its composition can be accurately measured by passing a magnetic field through it.

The coins can then be counted electronically, and a comparatively simple calculator-style chip can compute the change required by the customer. Electrical systems of this sort can be wired to a remote readout, for example in a hotel reception area.

Similarly, electronic systems can be used to control the dispensing side of the equipment, by measuring accurate quantities of powder, controlling temperatures and other functions.

The other development in the vending of beverages, which accounts for 66 per cent. of the market and is still the most profitable part of the business, is in the provision of so-called "fresh-brew" or real coffee and tea.

Fresh brewed tea or coffee made directly from tea leaves or finely ground beans have already become popular in the U.S. and are beginning to make headway in Britain. However, the conservative tastes of the British public now embrace instant coffee, which is so universally drunk at home that many people prefer it when dispensed from a machine. On the other hand the taste for soluble essence of tea is pretty limited, so that the demand for machines which can supply a real cup of the national drink is bound to increase.

To make real tea, the machine has to extract the flavour from tea leaves in about 15 seconds. To do this it requires a special fine leaved tea and accurate temperature control of the water, plus accurate dosage of tea and control of filter time. The required accuracy, without which there would be a high risk of supplying disgustingly strong or intolerably weak cupfuls, is made possible by electronic control systems.

If vending machines really can produce a product which is an adequate substitute for the traditionally brewed cuppa—and it is clearly a matter of opinion whether that point has been reached—the potential economies for the caterer are enormous: for the vending machine not only replaces sales staff: it also economises on ingredients. The economy stems from the fact that each dosage is accurately measured to provide one cup, without left-overs in the pot or wasted milk and sugar.

To make further economies in operating costs many machines now use plastic cups into which the powder has already been sealed. The advantage of this system is that it obviates the need to fill up canisters with powders, while at the same time the machine can be made much smaller.

At present the sales of beverage machines in the U.K. have reached a plateau of between 6,000 and 7,000 a year, and the lack of new building is one of the factors which prevents the market from increasing. On the other hand, it is reckoned the average worker drinks 2.8 cups of tea or coffee a day, so that with increased technical sophistication, the scope for vending machines in this area is almost unlimited.

Another main development is in the shop window type of vending machines, which are really no more than automatic retailing. The goods are displayed in a window, hung on pegs or stacked in revolving racks. The biggest machines can now sell up to 36 different varieties of goods, with between 12 and 15 items stacked in each category.

Microwave

This type of shop window vending machine can be refrigerated and tied in with a microwave oven to provide a complete self-service canteen, particularly useful for night workers or in places where normal canteens are difficult to operate. A microwave system does, however, require a certain amount of sophistication among the canteen staff who are doing the preparation.

First the temperature of the refrigerated meal must be set and kept accurately at about 4 degrees Centigrade: if it is too cold the meal will come out tepid. Second the microwave oven heats different foods at different rates, so that initial cooking and display has to be done very carefully.

Cabbage, for example, must be slightly undercooked (a hard task for some chefs), potatoes must be spread thinly [on the] plate, sauces made thic[ker than] usual to prevent boili[ng] and egg yolks must be [...] protected from overhe[ating in] the oven. These [...] illustrate the fact that, [however] sophisticated the machi[ne, it] cannot usually be a s[ubstitute] for the skills of a good [cook.] It is a point which o[perators] need to consider very [carefully] because bad planning o[r] preparation will invari[ably be] blamed on "the machi[ne" and] quickly build up r[esistance] among the customers.

Where the skills of [a] kitchen are not availa[ble] stocking a shop-window refrigerated machine [...] are increasingly turnin[g to an] intermediate method fo[r provid]ing instant hot dinners, [which] are provided in tins [with a] foil cap which can be [...] with a ring pull in the [manner] of a beer can opening. [...] dispense spaghetti, saus[ages,] beans or similar quick s[nacks.]

Max Wilk[...]

A range of machines such as this can provide a use ful back up service to an office or factory canteen.

Potential

CONTINUED FROM PREVIOUS PAGE

vices offered, and so to expand the market. Help in running the 'operators' businesses, including accounting aid and sales promotion activities, forms part of the package, under which operators can also obtain financial support on favourable terms.

These sort of schemes are certain at least to consolidate the market and perhaps lead to its expansion. For the saturation point has nowhere near been reached. But the main thing that this side of vending is dependent on is investment by industry and by central and local government. At existing locations, the renovation of old machines rather than their replacement by new ones is receiving considerable emphasis. So it is with new offices, new factories, hospitals, colleges and so on that the major opportunities for further sales lie, and there is little spending on those at the moment.

Nonetheless, new markets are being carved out. A major development in the last couple of years has ben the burgeoning interest in small machines or dispensers, often semi-automatic, that can sit on a table or clip to a wall. Whereas the more familiar machines are designed to serve upwards of 100 people, these are intended for the small workshop or office with a dozen or so employees. Something like 5,000 of these machines are now being sold a year, some of them in effect scaled down versions of the big machines in which measured ingredients are stored in canisters and dispensed into plastic cups when the appropriate button is pushed: in others the drink ingredient is placed in the cup at the manufacturing stage. The machine takes the coin, drops the ready-prepared cup, heats the water, and then lets that fall into the cup.

Significant here is the fact that it is two of the ingredient companies, Mars (already well established in catering vending through its Four Square operators business) and General Foods, which have pioneered the system. From it has already come a further spin-off: the use of the cups themselves completely separately from vending machines. For they can be ranged along the counter at any refreshment area which has to deal with large numbers of people in a short time (at a soccer match, for example) and hot water poured straight in. Another variant on the same theme is the controversial max-pax system of serving instant tea and coffee, whose recent introduction by British Rail led to industrial action by some buffet car stewards.

Complementary to the vending of drinks, of course, is the vending of food—not just snacks, though that is a highly important aspect of vending, but of hot meals. The fully automatic canteen is no longer a novelty. Machines that dispense prepared and frozen meals, together with a token for use in a microwave oven which forms part of the unit, have been selling steadily for some time.

The most significant recent development on this front is the canned food vendors now being sold by GKN Sankey and by National Vendors. A major point of interest about them is that they represent a three-way link between vending machine manufacturers, packaging producers and food companies. The machines hold specifically made tins of food, fitted with ring pull tops rather like those long familiar on beer cans but which allow the whole of the top of the tin to be removed easily. The food—beans and sausages, spaghetti Bolognese, etc.—is heated by the machine and kept hot—its life in that condition averages around a week—until bought by the customer, who is also dispensed a plastic [...] which to pour the can's co[ntents.]

The cans are s[pecially] developed by Metal Box [and] food prepared by Smedl[eys] and Libbys, two of the [biggest] names in the business. F[or] in the U.S. for several [years] the canned food vendor [has been find]ing a market in small a[nd] so small factories here, [where] there is no canteen, som[e] in conjunction with the [other] types of food vending.

Where the catering an[d what] might be called the trad[itional] sides of vending merge is [in the] provision of snacks ma[chines] both for the workplace a[nd for] public sites such as r[ailway] stations. Here, the tende[ncy is] for more display conscio[us machines.] Traditionally, it has bee[n diffi]cult for the customer [to see] precisely what he is gettin[g; the] machine's contents have [been] all but hidden from sight.

Three manufacturers—[GKN] Sankey, Smith's Food G[roup's] Polyvend division and Na[tional] Vendors—are putting a [great] deal of emphasis on ma[chines] which, in effect, provide a shop window for the pr[oducts] they dispense. Thus the [crisp] or sweet manufacturer's [wrap]pings, so important as a [point] of sale promotion of the [pro]duct in the shops, can d[o the] same job inside the ma[chine.] Significantly, too, at leas[t one] of those producers, Poly[vend,] has made its mark with open front machines on p[ublic] sites, an area from which [other] manufacturers have been [with]drawing.

Growth

As for the remainder of [tradi]tional vending, a fair amou[nt of] growth is being seen. Sal[es of] column machines—those [selling] cigarettes, chocolate bars, [and] so on in columns above a d[rawer] which can be opened wh[en a] coin is inserted—reached [...] plus last year, or more [than] double the number of drinks machines sold. Ciga[rette] machines, in particular, [have] been seeing a big boo[st in] demand with the increase i[n the] price of the product they [con]tain. For handling cigarett[es is] at the least inconvenien[t for] the publican or restaurateu[r and] can create security pro[blems] while providing relatively [little] profit. Installing a machine [removes] the inconvenience and p[asses] the problem of security [on to] the machine's operator. [And] these advantages are inc[reas]ingly being recognised in [the] catering trade.

Outside these familiar a[reas] there is no limit on what [can be] and is—being sold by mac[hine.] Railway tickets, stamps, [chew]ing gum—these have long [been] familiar as vended prod[ucts.] Contraceptives, drinks in [hotel] bedrooms and other area[s re]served for guests, and p[...] are among the products inc[reas]ingly seen in self-service coi[n (or] note) in slot machines. [Maga]zines and flowers are among [the] other things which have he[lped] to boost overall sales [of] machines to around £300[m a] year.

With the increasing sop[histi]cation of machine [...] mechanisms and the gen[eral] trend to greater flexibili[ty of] variable price setting [the] scope has been opened up [for] far more to be handled [by] machine. Fulham's autom[atic] shop was, as it turned out, far ahead of its time. [The] extremely technically soph[isti]cated machinery it used [was] never put into serious pro[duc]tion. To-day it might just [be] that the time has come [for] another look to be given to [the] concept of the fully autom[atic] shop. The vending machine [is] not exactly due for a comeba[ck;] it has never been away. [Des]pite those crushed hopes of [the] swinging 60s. But we have [not] really seen anything yet.

American influence still strong

IT SHOULD come as no surprise to anyone that the American influence is firmly stamped on the U.K. vending industry. Among the manufacturers of machines, for example, GKN Sankey, the market leader, makes most of the machines it distributes but under licence from the Vendo Corporation of Kansas. The British group also buys some machines from Vendo when the volume involved does not make it worthwhile making them in the U.K.

The old Ditchburn Organisation's vending machine business changed hands a couple of times and ended up, after a short stopover within the British Electric Traction conglomerate, with National Vendors of the U.S.

In turn, National Vendors is part of UMC Industries, formerly Universal Match Corporation, and it claims to be one of the largest U.S. manufacturers of vending equipment.

More unexpected is the extent of the European involvement in the U.K. market place. Wittenborg Automat is the U.K. distribution arm of the Danish Wittenborg group, which claims to be the largest manufacturer of vending machines in the Common Market.

Cigarette

Wittenborg has an interesting history because for 30 years from 1932 it was mainly making cigarette vending machines; some 70 per cent. of its output was devoted to this business. However, the management decided to quit the business completely once the smoking and health campaign gathered pace: in particular the Danes wanted no connection with anything which might be related with cancer. The company's business was rebuilt on a range of drinks vending machines first introduced in 1963.

Its influence in the U.K. market can be judged from the comment of its big rival, GKN Sankey, which said: "Over the past three years Wittenborg has given us a good run for our money—for the first time. We welcome this competition because it is good, stable competition from good, reliable products."

Apart from the Danes, the West German presence is felt via the activities of the privately-owned ABA company which imports most of its machines from West Germany.

The U.K. representation in the vending machine market can come from surprising sources too. Take the Autonumis business. This is part of LRC International, better known perhaps for its Durex contraceptives and Marigold rubber gloves.

At least TACE has more obvious connections with metal manufacture and can fit its vending machine manufacturing subsidiary, Vending Centre Holdings, with its other engineering interests.

And, although it might not be obvious why Blackwood Hodge, the world's largest distributor of earthmoving equipment, should have a vending machine business—which it has in the Vendops company—at least mechanical engineering links the two.

Among the independent groups is the Autobar concern which makes the Princess and Oasis machines. This privately owned company also has a big wholesaling business and manufactures plastic cups for vending machines.

All these companies concentrate on machines which have built-in electronics. But the cigarette and chocolate vending machines have been around for a lot longer. There has also been a revival of interest in cigarette vending machines in particular in recent years as the cost of cigarettes have soared, no thanks to big duty increases.

Machines have a security factor—they do not steal cigarettes and smoke them as might be the case when human hands are involved. This has boosted their popularity because a retailer might have to sell 20 packs of cigarettes to make up for the cash loss involved in one pack being stolen. Two private companies come to mind as major manufacturers in the U.K. of this type of machine—Dean Vending and Barber Weston.

Contraction

On the electronic vending machine side of the business, the U.K. market has seen some contraction because the hoped-for profits for some companies just did not arise. The Gloster Vending division of Hawker Siddeley, for example, was shut down for this reason and GKN Sankey picked up just a little of what was left by agreeing to service those Gloster machines already out on rental.

GKN Sankey had previously taken over the Fisher Ludlow vending operations which were offloaded at the time of the merger which produced the ill-fated British Leyland. And Ditchburn's vending business was in a loss-making position when it was sold to National Vendors for just under £1m.

These contractions for a time left GKN Sankey in an almost embarrassing position as the market-dominating leader in vending machine manufacture. Now the group has more competition to cope with but is emerging as a vertically integrated business, taking in manufacturing operations, selling and even direct selling — that is to individual operators and caterers who own machines just on their own site.

GKN Sankey in 1970 started its own ingredients division: it has its own finance company and offers a consultancy to self-operated sites.

Individual companies need help to get the best out of their vending machines. It is not simply a matter of putting in the best ingredients. The equipment needs attention and adjustment, the company insists.

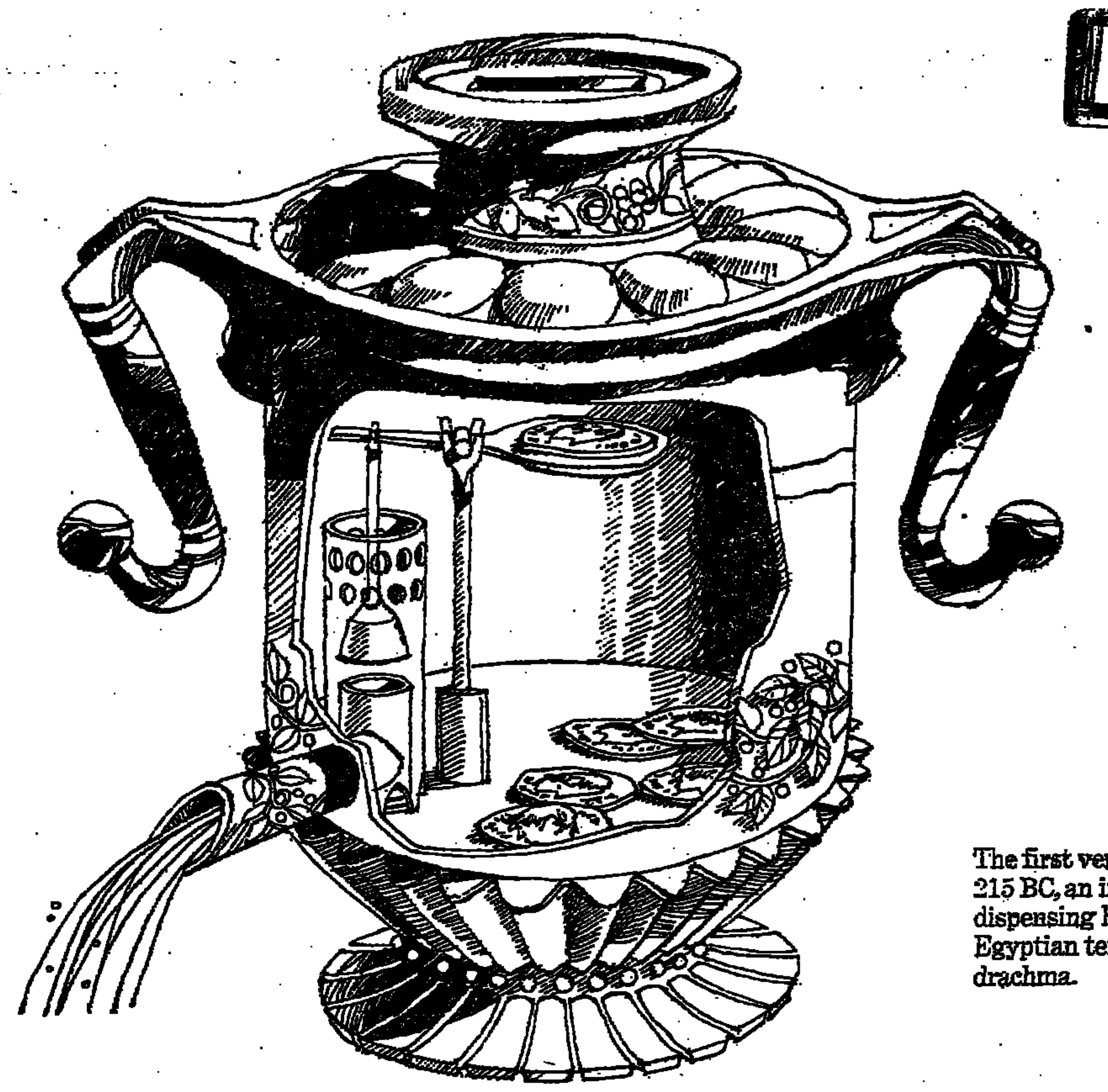
Wittenborg puts it another way and offers "three laws" for vending machine operators: "You need the right type of machine for each site: you need top quality branded ingredients, and, unless your operations are large enough to involve a full-time staff, you need to hand over to a competent outside specialist operator.

Once again American companies tend to figure prominently among the operators. Four Square Catering and Vending is a subsidiary of Mars, the confectionery and pet foods group, while Eurovend is part of ARA (formerly known as Automatic Retailers of America). These two companies are probably the only ones to be able to claim they are truly "national" in the U.K.

Britain's industrial catering combines are also heavily involved in vending operations because vending forms an important part of the total service offered. To this extent any list of prominent operators must take in Gardner Merchant, the Trust Houses Forte subsidiary, and Sutcliffe, part of Olympia (and therefore of Sterling Guarantee Trust) and the Grand Metropolitan offshoots Bateman and Midland Catering.

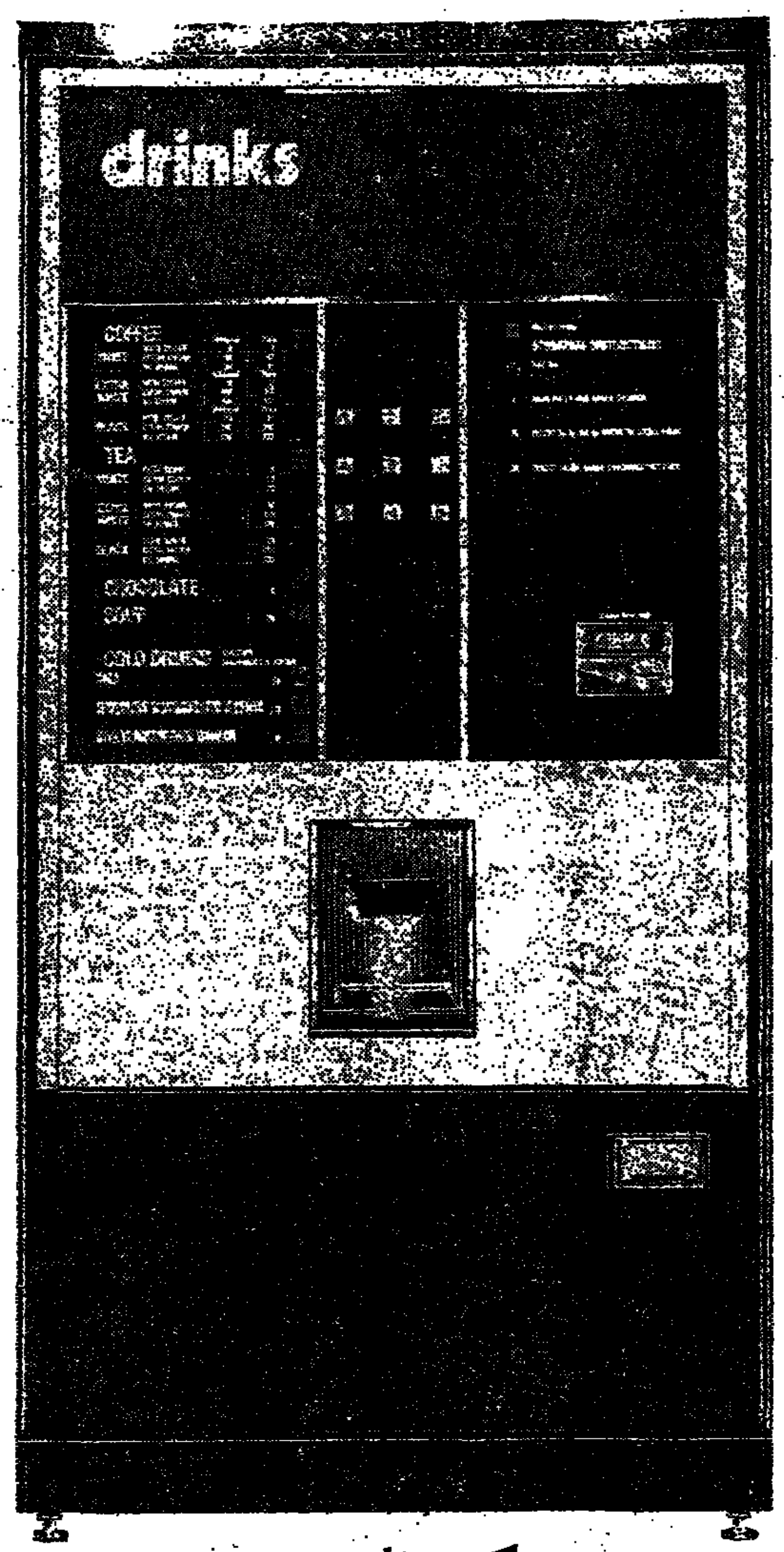
Kenneth Gooding

هكذا من الأصل



The first vending machine–215 BC, an ingenious method of dispensing holy water in Egyptian temples. Just insert 5 drachma.

First in vending. 215 BC.



The Supermatic by GKN Sankey offers a choice of 32 drinks in modern temples of commerce and industry.

First in vending. 1976.

Vending machines have come a long ray in 2000 years, and we've made most of he running in the last twenty–so today we re the leaders.

What makes Sankey Vending such a ood choice is the fact that it's a complete ending service.

We make the machines. We have an excellent ingredients supply set-up. We offer our wide range of machines on completely inflation-proof rental agreements (which include service as well).

We have a nation-wide network of 24 independent Approved Operators, with their own work force, who will manage the machines for you and make sure you're getting the very best from our equipment.

And there are machines in the Sankey Vending range that can supply everything from a cup of coffee to a hot three course meal.

Our customers are satisfied, but we're not. We're continually developing new machines to maintain our lead. So whatever you need GKN Sankey is the automatic choice.

GKN Sankey
first in vending
Vendo by Sankey

GKN Sankey Ltd. Automatic Vending Division, P.O. Box 6, Bilston, West Midlands WV14 0JF. Telephone: 0902 43111

Machines can solve staff problems

THERE ARE few limits to the range of services that can theoretically be offered to the public through vending machines, and often the major obstacles to growth appear to lie in the level of public tolerance, for services that are being offered by machine and not by the more traditional human being, rather than in limitation of vending machines themselves. The fully automated shop has been a reality for some years in London and other European capitals, but it has failed to live up to the extravagant predictions offered on its behalf in the early 1960s. Then it was supposed to herald as big a revolution in retailing as supermarkets and the switch to self-service had entailed in the post-war years. Instead it has remained little more than a curiosity and has done little to transform the nation's shopping habits.

Although sales of vending machines are currently on something of a plateau—caused by the general economic recession that has reduced the scale of industrial and commercial building and therefore the number of new sites to be exploited as vending locations—there is some growth in traditional sectors of vending, such as cigarette sales, which are going through something of a renaissance. It has become a common practice in the last two years for publicans and hoteliers to dispense with across-the-counter sales of cigarettes and replace such sales with a vending machine.

The advent of vending machines contained in a limited way some comment on the state of public morality and the changing standards of service the consumer demands and is given. The vending machine owes its success to the way in which it can replace the human element in some shape or form. In the case of cigarette machines in pubs and hotels it appears that the vending machine now offers more security for the cash that is tied up in expensive stock. Often pubs selling cigarettes off the shelf have to operate two cash tills in order to keep track of the differing levels of income derived from drinks and tobacco sales, thus introducing an extra operation for bar staff to carry out. It also introduces an extra opportunity for dishonesty on the part of staff, and with bar staff often engaged only on temporary short-term contracts it is clearly being felt that vending machines offer more security and cut the risk of incurring unnecessary losses through casual theft and pilfering.

Cigarette sales through vending machines have now reached an annual total of some £100m., and the tobacco manufacturers treat the industry with serious respect. The frequent fluctuations in cigarette prices now appear to have been accepted by most vending operators and are no longer such a major worry following the introduction of more flexible mechanisms which can take a variety of coins and which use electronic rather than mechanical coin recognition. Operators have taken a united stance on the fact that, with such frequent price changes, machines must incorporate ease of conversion as priority design features.

Tobacco

Several of the tobacco companies have introduced new vending packs this year, such as the John Player King Size in packs of 17, Number 6 Extra Mild in packs of 16, Carreras Rothmans' Black Cat in 17s and Dunhill premium also in 17s. Higher prices have hit demand to some extent, but anti-smoking publicity has helped to increase sales of mild brands, which have made them an increasingly interesting proposition for vending operators. There are some marked differences of demand between the market for vending cigarettes and usual cigarette sales, especially in the King Size sector. Though it is a growing sector it still represents only about 9 per cent. of the total U.K. cigarette market, but it is considerably more important in the vending market. Some 23 per cent. of vending volume is through 50p columns.

Cigarettes are clearly by far the most important part of the non-catering side of vending, but what other sectors lack in sales volume they make up for in diversity. From chocolate bars to sparking plugs, from petrol to contraceptives and from chewing gum to detergent, they are all available through a vending machine of some description. The industry has decided that one of the best ways of boosting sales, whatever the articles on offer, is to give them a better display, and there has been a definite trend towards machines that can show off bright attractive wrappings to their best advantage. Claims of significant profit increases have been made for machines that can accommodate together a wide range of goods from aspirins to tights, sweets, books and razors, and some hotel groups are already in the process of installing such machines. The major sales advantage appears to be the open visual access afforded by large glass panels which allow an unrestricted view of all the contents. Such machines also incorporate a great flexibility in terms of the selling space, allowing anything to be accommodated from a packet of chewing gum to a quarter pound box of chocolates.

Where these machines are being installed in such places as hotel foyers they are usually programmed to accept a wide range of coins, so that staff time is not taken up needlessly in supplying change. But items bought in such machines may well prove to be a little more expensive than in normal shops, managements following the reasoning that prices can be rounded up to higher practical permutations because users are wanting services outside usual shop hours or away from shopping centres.

The assured future for vending must lie in the fact that labour costs are constantly spiralling upwards and that establishments such as hotels are no longer able (or willing?) to pay either higher wages bills in order to attract the right standard of staff, or to find such staff in the first place as people become more reluctant to work extremely unsocial hours. The same argument applies to many sides of catering, including the industrial.

As Mr. William Fattal, chairman of Roboserve, said in his annual report, there is a growing differential between the cost of labour and a vending machine. "All indications are that the gap will continue to widen and this will serve to demonstrate the continued economic advantages of our services to existing and future customers. The public sector has failed to react to the benefits of vending as quickly as the private sector. However, as a result of the economies in Central and Local Government expenditure, we believe the need for (vending) equipment and services will become more readily apparent." Mr. Fattal argues that the widespread use of vending machines in industry and commerce is allowing it to be increasingly recognised that the installation of vending machines is not merely an economic decision, but is one that assists management to achieve better working conditions and therefore higher productivity.

Attention

The difficulty of attracting and paying for the right type of staff in the hotel industry means that vending operators are paying considerable attention to this sector. A vended service such as shoe cleaning is one that could become increasingly popular. It is currently being marketed on the strength of a number of selling points, including the rather negative factor that if the hotel guest has a cleaning machine there is unlikely to be such spoiling of towels or even bedclothes. Of course a major factor is the reduction in the number of staff needed if such a labour-intensive task as shoe cleaning is handed over to a machine. Unlikely research has found that the average time a guest is willing to spend on shoe cleaning is about one minute, though some machines have flexible settings from anything between six seconds and 15 minutes. Brushes are calculated to last for about 14,000 polishes. Another advantage enjoyed by these machines, say the salesmen, is that they avoid the rather disruptive occasions when some practical joker comes along the hotel corridor at night and changes all the shoes to different doors.

Hotels, too, are the target for increasing sales of vended bar and room services outside normal hours. Automatic vending of alcohol and soft drinks is now available through increasingly sophisticated systems, some of which register electronically at reception the price of drinks taken. Such electronic systems can be wired in with other service facilities such as telephone fire alarm and television.

The range of services offered through vending has even included the sale of holiday insurance policies at airports in the U.S., though this practice was not without its abuses and attendant dangers. Vending by its very impersonal nature can easily be abused either in the form of casual vandalism or more systematic damage. Operators in the U.K. are beginning to insist that because of the rising crime rate machines must be as vandal-proof and long lasting as possible. But damage to vending machines is also known to have been more premeditated than casual vandalism, especially in some of the more underground competitive areas such as the sale of contraceptives. For instance, the Monopolies Commission report into contraceptive sheaths last year reported an instance a few years previously where an employee of LR Industries, which sells the Durex brand had gone out and damaged about 100 machines belonging to the competition in retaliation for what he believed had been a systematic campaign of deliberate damage to LRI machines. Allegations of such malpractice between rivals were rife at that time, but the Commission said it had not found any such instances in more recent years, and sales rivalry for the wide variety of vended services now on offer appears to have generally avoided this extreme form of expression.

Kevin Done

Regular and efficient servicing is now accepted as essential for vending m

Catering services to suit most tastes

IT IS unlikely that hot meal vending machines will make an early appearance in the good food guides, if only because there has been considerable apprehension about the quality of meal they could deliver.

This was not helped by the deteriorating standards of cooking apparent in cafes and canteens as the British continued in their proud tradition of turning first class ingredients into appalling hash. Even the introduction of relatively innocent aids like microwave ovens was viewed with suspicion, and the development of powders, potions and portion control served only to keep the consumers' eye rather jaundiced about the standard and quality of functional, industrial meals.

In the last few years, however, methods have changed, new machines have been introduced and acceptability has risen. The vending machine is no longer a hideous automaton, and while it is not designed to replace a full-blooded staff dining room serving large quantities of meals in a short time, it has found what is probably a permanent niche in meeting the needs of those who work in small groups or at awkward places and times.

Changed

Mid-day eating habits have changed noticeably over the last decade, and although there tends still to be a preference for a far heavier weight of meal in the north of England, there has been a general trend towards a quick meal at mid-day—a practice much frowned on and even in some cases ridiculed some years ago but now more widespread for a variety of reasons.

In the south, particularly, the sandwich bars have flourished as the cost of a more formal mid-day meal has risen. Although many companies still operate subsidised canteens they are becoming fewer, and 30p in luncheon vouchers will not buy much to-day.

Pub snacks, too, have grown in popularity and have often consisted of exactly the same food which is most suitable for vending machines. The idea of a piece of cheese and an apple still appeals to many young girls involved in the cyclical business of slimming, and the quality of hot drinks and soups delivered by machines has been steadily improved from the original two inches of mud in the bottom with a further three and a half of insipid water floating on top.

There has been a great deal of research into hygiene, with exchange kits available for most machines and automatic rinsing ensuring that lemon tea is not mixed with chicken soup. There are usually two sets of everything that comes into contact with the hot drink provided with the machine, making it easy for the person responsible to keep everything clean.

But it is in the main hot meal market that greatest strides are being made. Meals can be prepared by a kitchen staff working one shift only and put into the vending machine for use up to 48 hours later. This time limit has proved a problem as the food can only be kept chilled not frozen, because otherwise the microwave oven which forms the second half of the machine would be working overtime.

On the other hand it allows the choice of meals to be tailored to seasonal fluctuations in material costs, allowance for local and regional tastes in the choice of food and portion control to allow for either the hearty appetities of a heavy industrial worker or the lighter requirements of office staff. And the portion control itself ensures not only that there is no favouritism shown to individual users of a canteen, but also that costs can be kept in tight rein.

The user chooses his meal, pays for it and removes it from the chilled display. With it he will often find a coded tag for insertion in the microwave, which means that he does not have to choose the cooking time himself—it is all automatic. The price, too, can be controlled by the factory management so that, if desired, a measure of subsidy can still be built in merely by adjusting the price of the meal downwards.

It is also possible to buy ready-made meals from an outside contractor for storage in a deep-freeze, from which the microvend is replenished each day. However, this service is not yet available all over the country—it is concentrated in the London area—and the weight of the catering burden has fallen on individual factory kitchens but with the advantage that only one day shift is needed and the very costly problem of night staff is obviated.

Apart from the use of machines in leisure centres the industrial use of machine catering is now growing. This is put down to the flexibility of a machine and its ability to serve a small group of people in an isolated site.

Hospitals and bus depots are contrasting examples of areas where there is a steady but irregular flow of people needing meals at all hours of the day and night, but there are also many other sites where machines are being installed. Where a group of workers can be easily identified as a unit within a factory, then a machine complex can be tailored to suit their individual needs.

Although the machines are not really designed to take over from the traditional factory canteen, serving perhaps 2,000 meals in 90 minutes, they come into their own for the small engineering factory which would find it impractical and uneconomical to set up catering facilities but wishes to provide some amenities for its workers.

The choice of equipment will be determined mainly by the extent of choice required and the density of use—machines are far more able to cope with staggered breaks than concentrated use. It is estimated that only about a third of a workforce would want the facilities, so installation costs have been worked out on that basis. For a workforce of 100, therefore, a machine designed to cope with just over 30 is thought to be adequate and would cost about £3,200 to install.

This would be capable of feeding more but would require staggering, and increased choice would lead to increased cost. Once a factory of 500 is in question then probably three bays, perhaps sited in different parts of the building, may be involved, with little change out of £10,000. However, they can often be far cheaper than employing catering staff, and they do not go on strike. They do break down, however, but the large companies have engineers all over the country and claim that servicing is now rapid and thorough.

Development potential in food vending is thought to be great, especially as factory managers look for more econom[ical ways] of providing food and [...] try to avoid the rises [...] prices. Viability must [be] measured against pres[...] and no doubt union re[presenta]tives would wish to [be con]sulted before losin[g their] favourite egg sausage [and] beans.

Not surprisingly th[e ...] companies and local [...] are very ready to advis[e on the] installation of a new sy[stem ...] a factory does not hav[e] its own equipment. T[...] leasing arrangements a[...] tors are ready to supply [...] machines and food, or [...] make it.

[...] N-Sankey, for inst[ance], an approved operator [...] which covers the coun[try ...] business has had, in [...] its fair share of financia[l ...] those who thought t[...] make a fortune out [...] ing others put money i[n ...] chines found that [...] a little more to it. Sa[nkey] offers advice in busines[s ...] as machine manageme[nt ...] with the financial bac[k ...] operators coming into [...]

It has also moved [...] own-brand food lines, [...] Kingsway and Gran[...] n. ... but the bulk of [...] ing for hot food ma[...] still done on site and [...] pull cans display the w[...] names of Libby's and H[...] the consumers added c[...]

Muzak and 30p in [...] may not be every girl[...] of a romantic dinner, [...] all you want is somethi[ng ...] and e[...] but hot and no[...] t[...] perhaps humans [...] l[...] affair with techno[...] conquer all.

Stuart Ale[...]

RMING AND RAW MATERIALS

utomatic farm currency changes roposed by EEC Commission

BIN REEVES

BRUSSELS, Oct. 21.

ROPEAN Commission oposed a complicated m for the gradual but adjustment of "green" in line with market rates, and the intro- f a ceiling on the level ary compensatory pay- presently subsidising imports to the tune of day.

w plan, which will the approval of EEC States before being was announced by Mr. ardinois, the Agricul- missioner. He regarded ction from January 1, as essential to hold one of the EEC's stones—the Com- ultural Policy, and "to future, every member s ball."

s a clear reference to orn refusal of the vernment to agree to late devaluation of the pound. Green curren- he artificial exchange to convert Common s into national curren-

Commission can't sit watch the system being d, moreover, the Com- annot go back to a system of agricultural g," Mr. Lardinois de- he plan will be put to a joint meeting of EEC Finance and Agricultural Ministers in Luxembourg next Tuesday.

Mr. Lardinois insisted that the growing distortion and competition between the agricultural economics of the Common Market was as much behind his proposals as the need to do something to halt the soaring cost of present arrangements.

As the result of growing currency instability, the real differences between farm prices in the Nine have grown rather than narrowed, and the cost of the border taxes and subsidies (Monetary Compensatory Amounts) system, used to try to offset the exchange rate movements, had rocketed.

Commission figures show that the cost of the Brussels farm budget of MCAs has risen from 140m. units of account (some £58m.) in 1973 to a nestimated 600m. UA (£250m.) this year. If the new plan is not accepted, the Commission estimates the cost of MCAs will soar next year to some 1bn. UA (£417m.) adding in exchange rate losses to the Brussels budget 500m. UA). The cost of present MCA arrangements would need to be budgeted at 1.5bn. UA (£625m.) in 1977, which would be 25 per cent. of the EEC's total farm budget.

The recent sharp fall in sterling has highlighted this mounting cost. The new scheme, if adopted, would eventually ensure that such large rates of subsidy could not arise. "Green" pound devaluations would become virtually mandatory to keep the subsidy bill to Brussels within reasonable bounds.

The proposed new system has two elements. First, the "green" rates for devaluing currencies would be adjusted back into line with the average market rate ruling over the previous 18 months period, the adjustment being made during the following six months. For revaluing currencies like the German mark, the adjustment would be required once a year, at the annual price fixing.

Thus, to take a practical example, the difference between the average market rate for sterling during the period January 1, 1975to June 30 this year, and the present "green" rate, is a gap of 7 percent. If the new system was in place now, the U.K. Government would have to accept a 7 per cent. "green" pound adjustment some time between last July 1 and next December 1—subject to one proviso.

The Commission's plan also envisages a ceiling on the maximum "green" currency adjustment which a member State would be required to accept in any six-month period. No precise figure has been proposed, but 5 per cent. is being mentioned as the possible ceiling.

So, in this example, Mr. Silkin, the U.K. Agriculture Minister, would have been required to swallow a 5 per cent. devaluation before the end of the year, but he could roll forward the remaining 2 per cent. into the first six months of next year.

The second element in the proposed system is the introduction of a limit on the difference between the "green" rate and the market rate so as to prevent too wide a gap developing. Again, no figure has been proposed formally, but Mr. Lardinois seems to have 15 per cent. in mind for the original Six member countries, and a bigger margin for the U.K., Ireland and Denmark. This is because the latter have additional farm and food price increases in the pipeline arising from EEC accession arrangements. The ceiling agreed for the Six would apply to all Nine after July 1, 1978.

EEC officials insist the Commission is not trying to sabotage Britain's anti-inflation policy. It was simply trying to avoid permanent distortions in competition which could be extremely serious. Acceptance of the new system would still mean that the "green" pound devalued much more slowly than the actual market rate for sterling, giving the consumer the benefit of lower food prices in the interim, he added.

Colorado beetles found

By Peter Bullen

MORE COLORADO beetles have been found in England, the Ministry of Agriculture confirmed yesterday.

Five live and nine dead beetles were found in consignments of imported rye seed on two farms in Wiltshire. Colorado beetles are found frequently on imported vegetables and similar cargoes and the Ministry does not think the latest find is as serious as the colony of beetles found breeding in a potato crop in Kent last month.

However, some of the rye seed delivered to one of the Wiltshire farms has already been sown and there is a possibility that other live beetles could have been "sown" with the crop.

As the insects hibernate in the soil through winter theoretically they could emerge next year to infect any nearby potato crops. A special watch will be kept on crops in the area next year and Ministry experts were discussing yesterday whether a "decoy" potato crop should be planted.

The Ministry issued a special warning to any farmers who have recently received consignments of Dutch rye seed of the "Dominant" variety as it is still trying to trace all the seed from the infected cargo which was brought into Britain through Colchester, Essex. Any farmers who have bought the seed were asked to suspend planting and inform local plant health officers

WORLD FOOD SUPPLIES

Green Revolution is by no means dead

BY MARY CHERRY

MANY PEOPLE who know very little about the food situation and even less of the problems of food prduction and distribution in developing countries are prone to asking: "What has happened to the Green Revolution ?"A fair to the Green Revolution ?" A fair enough question were it not for the fact that it is asked in such a tone of voice as to imply that the so-called Green Revolution—a much misunderstood term—has failed.

These same self-styled critics brush aside this year's record Indian food grains harvest and remarkable stocks position as mainly, if not entirely, due to favourable weather.

Some interesting information about what has ben happening in the Third World in respect of high yielding wheats and improved maize is contained in the recently-published 10th anniversary issue of the annual CIMMYT review. CIMMYT is the Spanish abbreviation for the International Maize and Wheat Breeding Institute in Mexico famous for its development work on short-strawed, high-yielding wheats and now the hub of a vast international network of co-operation in crop improvement.

In an introduction to the review, Mr. Haldore Hanson, CIMMYT's director general, points out that this first decade of the centre's existence has coincided with a 25 per cent. increase in the world's population — a 30 per cent. increase in developing countries. Its work and targets must be planned in the light of the near certainty that by the end of the first 30 years of the centre's existence, the world's population will double.

Higher yields

Is cereal production expanding as fast as population? In one sense yes, and in another sense no, says Mr. Hanson. Recent crop reports show that developing countries have been producing 275m. metric tons of grain a year from the five major cereals, compared with 230m. tons 10 years earlier. The total increase in production was thus about 30 per cent. and so just matched population growth.

Less encouraging, in Mr. Hanson's view, is the fact that half the increase came from an extension of area sown and only half from improved yields.

Of the major cereals, wheat showed the best performance with a 23 per cent. gain in yields in developing countries. Not the 30 per cent. needed to keep pace with population, but hardly a failure!

However, Mr. Hanson warns that most of the increased cereal crops needed in the future must come from increased yields on present land. Very little new crop land can be opened up and very little land can be switched from other crops. Meanwhile, over 1m. hectares a year are being lost to expanding cities and towns.

Plant breeding is producing cereal varieties with ever greater potential, but if 30 per cent. more grain is to be produced in the next decade by higher yields, that can only be achieved by the application of better technology at farm level.

The short-strawed high-yielding wheats are now being grown on about 40 per cent. of all wheat lands in the developing world, covering some 25m. hectares. These Mexican varieties have been grown mainly in areas of better moisture supply and better soils and planted by better farmers. Profitable new technology usually finds its way first to areas of quickest payoff.

Main diseases

Now it is essential that there shall be advances in less favoured areas. CIMMYT research workers recognise that drought tolerance is a varietal characteristic that would benefit a vast number of farmers in areas that have no irrigation or secure rainfall. For the past four years they have been making thousands of crosses between winter-type and spring-type wheats to try to put the characters for deeper crown roots and greater drought tolerance of winter wheats into the high-yielding Mexican varieties (spring types). The first plant families selected from the progeny of these crosses will be in international yield trials in 1977.

The CIMMYT review reports in some detail what is being done to try to combat the main diseases—three rusts and a fungus disease called Septoria—which take a heavy toll of crops. Wheat lines (potential new varieties) with good resistance to Septoria are now on trial in several countries.

The rusts remain a problem because when resistant varieties are bred the disease organism mutates to produce a new race to which the variety will succumb sooner or later.

Plant breeders are giving priority to trying to crack this problem. Meanwhile they are getting round it to some extent by producing multi-line varieties. These are varieties consisting of a mixture of several breeding lines, so that only a proportion of them will succumb to the prevalent race of rust in any one year.

Wheat breeding, and hence yields, have already made a big leap forward and now these stickier problems are having to be tackled. With maize, progress in yields has, to date, been less dramatic but now many scientists believe a breakthrough is about to take place. CIMMYT reports that "the latest tests show a startling superiority of the experimental varieties compared with traditional varieties."

It believes that the higher-yielding, improved quality maize varieties, together with associated new technology, could spread through the developing world much more quickly than the new wheat technology of the 1960s. This is because there is now a network of maize scientists, many of them trained at CIMMYT, spread throughout maize-growing areas who serve as a pipeline to carry the technology to national extension services and thence to farmers.

Milk output down 6% last month

By Our Commodities Staff

THE DROUGHT broke too late to help boost milk output last month, figures released by the Milk Marketing Board yesterday show.

Total milk output in England and Wales for the month was 171.19m. gallons or 6.2 per cent. below the September 1975 figure of 182.57m.

The amount of milk used for manufacturing into dairy products fell by 15.8 per cent. to just over 46m. gallons and following the 1p a pint rise in retail prices liquid milk sales dropped by 2.1 per cent. to 125.1m. gallons.

nturn in l markets

Edwards, lities Editor

TURN in prices yester- the recent rally on on Metal Exchange. sh wirebars lost £7 to nne. A failure to fol- h earlier gains, fears nterest rates and fore- stocks rise brought out

ket ignored a report ka that Zambian cop- ction will be cut by 0 tonnes in the com- ue to a serious short- expatriate staff. also under pressure cash price falling by 767.5 a tonne.

owledgeable explana- w the London Metal works was published

t, published by Wood- ner in association etallgesellschaft of a ring-dealing mem- LME, is written by bson-Jarvie, executive f the Exchange.

Dollar target price for jute agreed

BY OUR COMMODITIES STAFF

A NEW INDICATIVE price in U.S. dollars for Bangladesh jute was agreed upon by the inter-Governmental group on jute, kenaf and allied fibres at its 12th session in Rome this week.

The new price, $US314 per long ton, plus/minus $16 for BWD jute f.o.b. Chittagong/Chalna is the dollar equivalent of the old indicative price of £155.

Market prices are now at the bottom of the new range at a level which makes jute more competitive with synthetics than it was earlier this year. Bangladesh assured the meeting that it was intended to maintain the present competitive position of jute, and to keep prices within the new indicative price range for as long as possible.

In its review of the 1975-76 season, the inter-Governmental group noted that better yields had offset reductions in the area under jute in Bangladesh, India and Thailand. World production rose only slightly in 1975-76 to 21.9m. bales (3,958,000 tons).

For 1976-77 the group estimated a world production increase of 7 per cent. to 23.6m. bales (4,250,000 tons), reflecting substantial increases in output in Bangladesh and India caused by an expansion of the area under jute. In Thailand, Burma and Nepal the trend to substitute other crops for jute or kenaf seems to continue.

NatWest aid

NATIONAL WESTMINSTER Bank has signed an agreement with the English Table Tennis Association to provide cash support for the 34th world table tennis championships being held at the National Exhibition Centre, Birmingham,

Early decline in grains

By Our Commodities Staff

GRAIN PRICES eased in early dealing, in London markets yesterday mainly as a result of the U.K. Government's renewed pledge not to devalue the "green pound."

The fall was not surprising as previous increases had taken place in anticipation of a devaluation. However, the announcement in Brussels later in the day of long-term plans by the EEC Commission for regular six-monthly adjustments of "green" currencies helped to lift selling pressure.

Meanwhile, the National Farmers' Union warned that if there were no devaluation and feed prices continued to climb, pig farmers would face an impossible situation which would result in a grave shortage of pigmeat next year.

EEC Sugar yield forecast

TOTAL EEC sugar production during the current season is provisionally estimated at 9.728,000 tonnes, giving an exportable surplus in the 35 weeks to next June of 759.000 tonnes. Of this, 34,100 tonnes were authorised at yesterday's weekly export tender, leaving 724.900 tonnes still available, EEC Commission sources said.

Trade sources said the export figure was not far from market expectations but its announcement nevertheless unsettled the market as it was the first time the EEC had confirmed that it would be a major exporter in 1976-77.

Prices moved down in early trading on the London Terminal Market and further selling was encouraged by Thai raw sugar sales to Japan at only £108 a tonne. But the market staged a technical reaction in the afternoon and by the close March sugar was quoted at £127.325 a tonne, up £0.725 on the day.

MMODITY MARKET REPORTS AND PRICES

METALS

Easier on the London Metal ter a firm start in pre- ngs. Forward metal opened advanced to £828 on short- fresh demand. But there w through and prices turned a weaker Comex opening ped to £816 on chartist sell- t selling in the face of fears interest rates. A further Kerb took the price to a . Turnover 20,825 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £735.5, 35, three months £825, 24, 23, 24, 23, 22.5, 23. Cathodes, three months £809. Kerb: Three months £822, 21, 20, 19. Afternoon: Wirebars, three months £816, 19, 18, 18.5, 17, 16, 15, 14, 13, 12, 11, 11.5, 12, 13, 14, 15, 14.5, 14. Cathodes, three months £799, 79.5. Kerb: Three months £813, 12.5, 12, 11.5, 12.

TIN—Lower with forward metal drifting from an opening of £4,990 on hedge selling. Cash metal was also under pressure. Although prices steadied in the afternoon, heavy selling emerged in the second ring and on the Kerb from stale bull liquidation. Forward metal closed at £4,935. Turnover 1,590 tonnes.

Morning: Standard, cash £4,785, three months £4,980, 75, 70, 65. Kerb: Standard, three months £4,969. Afternoon: Standard, three months £4,965, 60, 55, 53. Kerb: Standard, three months ...

a.m. Official	+ or —	p.m. Unofficial	+ or —
£	£	£	£
35.5	+1.5	776.7	—7
22.5-3	+3	815-4	—6.25
85.5	+1.5	—	......
72 5	+2.25	762-3	—7
18.5-9.5	+3.5	798-800	—5.25
75	+2.5	—	......
—	......	*70-74	......

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	4785-90	—48	4765 70	—57.5
3 months	4650-5	—40	4950-5	—50
S'ment	4790	—48	—	......
Standard				
Cash	*785 90	—48	4765-70	—57.5
3 months	4680-5	—40	4950-5	—58
S'ment	4790	—48	—	......
Straits E.	$1,180	—3½	—	......
New York	—	......	—	......

lex 01-351 3466 Three Months Copper 807½-816½

LEAD—

ZINC—

COFFEE

SILVER

RUBBER

COCOA

SOYABEAN MEAL

GRAINS

FREIGHTS

SUGAR

LONDON DAILY PRICE (raw sugar)

WOOL FUTURES

MEAT/VEGETABLES

VEGETABLE OILS

JUTE

CALCUTTA—Steady. Indian spot Rs.455.00. Dundee tossa four spot Rs.455.00. A bale of 400lbs.

★

COPRA — Philippines — Nov.-Dec. $339 reseller a tonne, cif North European ports.

Higher world cotton crop

WASHINGTON, Oct. 21.

WORLD COTTON production in 1976-77 is currently forecast at 60m. bales, 9 per cent. more than the previous season but almost 5m. bales fewer than in the record 1974-75 season, according to the U.S. Agriculture Department.

In its weekly round-up of world commodity highlights the USDA said higher world cotton prices relative to alternative crops caused growers to increase cotton acreage

The U.S. cotton crop, put at 10.3m. bales, would account for over 40 per cent. of the anticipated 4.8m. bale increase in world output.

The Department said cotton production overseas this season is expected to rise 6 per cent. above a year ago to 49.7m. bales.

Earlier, foreign production was estimated to increase 8 to 10 per cent., but unfavourable weather in Pakistan, Colombia and parts of Central America caused downward adjustments. Reuter

PRICE CHANGES

Prices per ton unless otherwise stated.

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

GRIMSBY FISH—

U.S. Markets

Coffee limit down at close

NEW YORK, Oct. 20.

PRECIOUS METALS closed higher on local short covering. Grains closed unchanged after a featureless session. The sugar market closed lower on late trade selling. Coffee closed limit down across the board on speculative and trade liquidations Cocoa closed higher on Commission House stop-loss buying. Cotton closed better on late speculative buying. Bache comments.

Cocoa—Ghana spot 142½ (140½). Bahia spot 137 (135). Dec. 126.65 (124.70) March 120.90 (119.20). May 116.10, July 111.80. Sept. 107.70. Dec. 99.45. March 94.95 nom. Sales: 1,196 lots.

Coffee—"C" Contract: Dec. 173.60-173.35 (175.50). March 164.60 (167.60). May 163.10. July 162.50 asked. Sept. 160.60 asked, Dec. 155.00 asked. March nil. Sales: 841 lots.

Copper—Oct. 58.70 (57.80). Nov. 58.80 (57.90), Dec. 59.10, Jan. 59.50. March 60.40, May 61.40. July 62.30. Sept. 63.20. Sales: 4,540 lots.

Cotton—No. 2: Dec. 81.35-81.30 (81.29), March 82.25-82.70 (82.12), May 82.90. July 80.25, Oct. 71.45, Dec. 67.85, March 68.60. Sales: 4,250 lots.

ΦGold—Oct. 114.60 (115.00), Nov. 114.70 (115.10), Dec. 114.90, Feb. 115.10, April 115.50, June 116.00, Aug. 116.70, Oct. 117.40, Dec. 118.10, Feb. 118.90. Sales: 799 lots.

Greasewool—Spot 180.0 nom. (same). Dec. 177.5-178.40 (177.5), March 177.5-178.60 (177.5), May unquoted.

†Lard—Chicago loose 18.25 (18.00). NY prime steam 19.75 (19.50).

MPANY NOTICES

STOCK EXCHANGE REPORT

Markets restrained by lingering interest rate fears

Share index up 0.3 at 295.6—Unilever improve

Account Dealing Dates

Option *First Declara- Dealings	tions	Last Dealings	Account Day
Oct. 4	Oct. 14	Oct. 15	Oct. 26
Oct. 18	Oct. 28	Oct. 29	Nov. 9
Nov. 1	Nov. 11	Nov. 12	Nov. 23

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

With activity restrained ahead of the Chancellor's economic review at the Mansion House banquet for bankers and interest rate fears still very much in the foreground, stock markets passed another sensitive trading session yesterday. Nevertheless, equity markets held up quite well after the previous day's setback, while British Funds also made a reasonably steady showing. In the latter, short-dated issues picked up after a dull start to close with marginal gains on balance and long-dated stocks, which had recorded initial falls of ¼, ended without alteration. The Government Securities index shaded 0.03 at 57.08.

Business generally was at a low ebb—official markings of 4,183 were the lowest so far this week—and prices fluctuated within fairly narrow limits before closing a shade harder for choice. The FT 30-share index, up 2.2 at 10 a.m., closed only 0.3 up on balance at 295.6, after the previous day's fall of 7.1.

It was a similar story in secondary issues, with changes few and far between. However, there were a few noteworthy movements mainly resulting from company trading statements which provided relief from the general tedium, while several take-over favourites continued to meet speculative support. Overall, the trend was slightly easier: falls led rises by 7-4 in FT-quoted Industrials.

Short Gilts firmer

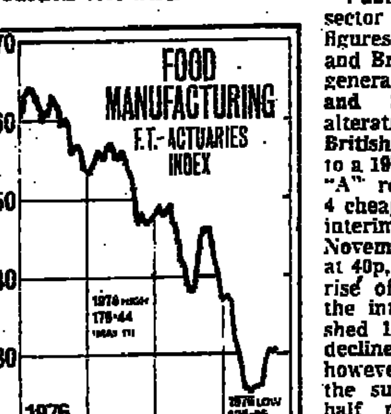
A noticeable easing in the recent tight conditions in the money market found reflection among short-dated British Funds, which gradually recovered early falls ranging to ¼ to close that fraction better on the day. Business was described as reasonable at this end of the market, but rather slow in the mediums and longs. Nevertheless, quotations, other than the shorts, eventually reverted to overnight list levels after having been ¼ lower. More interest was displayed in the annual Bankers dinner at Mansion House than in the CBI call for public spending cuts and a voluntary wages curb.

Lower initial rates for investment currency attracted a revived interest which took the premium up from 114½ to 116½ per cent, before a close of 116 per cent., a rise of ½ on the day. Yesterday's SE conversion factor was 0.7306 (0.7275).

After Wednesday's nervousness prompted by fears that base lending rates could soon rise to 14½ per cent. or more, the big four Banks became calmer yesterday, although lack of investment interest prompted a further modest decline. Lloyds, 172p, and National Westminster, 182p, both gave up 3. ANZ, 13 off at 337p, were an isolated dull feature in Overseas banks, while casualties in Merchant Banks included Brown Shipley, 5 lower at 100p, and Hambros, 3 easier at 112p. Keyser Ullmann cheapened a penny to 18p.

Insurances also spent a drab session. Commercial Union receded 2 more to 85p and Phoenix lost 3 to 156p. Pearl shed 6 to 158p and Minet Holdings gave up 3 to 109p; the latter's interim results are due next Tuesday.

After having risen 61 over the previous eight trading days on bid hopes, Tollemache and Cobbold Breweries encountered profit-taking in the absence of any such developments and, after touching 143p, the shares closed 10 down on balance at 153p. Wolverhampton and Dudley cheapened 2 to 105p despite a Press suggestion that they could soon attract an offer. Elsewhere, further consideration of the 12 per cent. fall in Scotch whisky production left Distillers 2 down



at a 1976 low of 105p. Teacher (Distillers) gave up 5 more at 370p and, with Allied unaltered at 40p, the bid for Teacher is currently worth 392p per share. Arthur Bell hardened a penny more to 128p on bid hopes, while Highland improved 2 to 96p; the latter's preliminary results are due on Monday.

Buildings were featured by the UBM, which rose 3½ to 32½p in response to better-than-expected interim figures. Fairview Estates hardened 2 to 40p on the chairman's encouraging statement which accompanied the half yearly report, while Streeters of Godalming reflected the sharp improvement in first half profits with a gain of a penny to 41p. Marchwiel contrasted with a fall of 3 to 81p, while R. Costain, 111p, Tarmac, 104p, and Burnett and Hallamshire, 56p, all closed 4 cheaper.

ICI touched 287p before closing a penny cheaper on the day at 284p.

W. H. Smith "A" dull

Publicity given to the Stores sector following the interim figures from Marks and Spencer and British Home Stores failed to generate much interest. Marks and Spencer closed without alteration at 78p, after 79p, while British Home Stores lost 2 more to a 1976 low of 106p. W. H. Smith "A" remained on offer, closing 4 cheaper at 252p, after 250p; the interim figures are expected November 11. House of Lerose, at 40p, gave up the previous day's rise of a penny which followed the interim results, while Currys shed 1½ to 61p and Foster Bros. declined 2 to 40p. Selincourt, however, edged up ¾ to 10½p on the substantially improved first-half profits. In Mail Orders, Freemans (London) fell 4 to a 1976 low of 119p.

The Electrical leaders were quiet and little changed. EMI, 189p, and GEC, 125p, put on 2 apiece. Among secondary issues, Audio Fidelity lost 2 to 22p on the reduced earnings, while similar losses were seen in Chloride, 84p, and Lec Refrigeration, 39p. Ever Ready held at 96p in front of to-day's interim statement, while news of increased profits lifted F. W. Thorpe a penny to 22p.

Marginal recoveries among Engineering leaders included Hawker, 4 higher at 370p, and GKN, which rallied 3 to 225p. The sector otherwise was featured by a sharp reaction in Desoutter Bros. which, in the absence of bid or counter-bid developments, fell to 129p before closing a net 10 lower at 132p. Babcock and Wilcox slipped to a low for the year of 53p, down 2, but Bonser, 20p, British Northrop, 80p, and Record Ridgway, 42p, all picked up 3. GHP strengthened, particularly after-hours; following the much better first-half results to close 7 up at 84p, after 75p. Greenbank Industrial, 36p, and Clayton Son, 36p, both improved the turn in reflection of satisfactory interim figures. Shipbuildings were rarely tested apart from Vosper which surrendered part of the recent rise at 71p, down 2.

Midland Cattle Products became an erratic market, improving afresh to a 1976 peak of 172p on fresh bid speculation before reacting to close 2 cheaper on the day at 164p, but still marginally better than the offer from Thomas Borthwick and Sons (a penny harder at 58p). Croda International, a major shareholder in Midland Cattle, closed a penny firmer at 39p. Matthews Holdings responded to the interim figures with a rise of a penny to 21p, while Kraftco edged up 1½ points to £39¾. Cavenham were steady at 81p, but Associated Dairies, 170p, and Tate and Lyle, 215p, lost 2 and 3 respectively. In Supermarkets, Tesco eased a penny more to a 1976 low of 25½p. Lennons, at 25p, made no apparent response to the interim figures. Hotels and Caterers had contrasting movements in J. Borel, four points easier at £43, and Ladbroke, which, at 74p, recouped 3 of the previous day's fall of 5.

Unilever Ltd. rise

Most of the miscellaneous Industrial leaders spent a quiet day with share prices moving narrowly before closing virtually unaltered. Unilever Ltd., however, encountered a small demand via switching from the NV and the shares rose 12 to 376p; the NV were little affected by the switching and hardened ¼ to £21⅞. Glaxo managed to claw back 4 at 312p, but Bowater gave up a penny at 144p. Beecham were typical of movements in other leaders, hardening initially to 296p before ending unchanged on balance at 293p. Metal Box gained 2 at 214p following news of the money-raising operation by its South African subsidiary. Good interim profit statements helped Hunting Associated, 3 up at 67p, and Coral Leisure, 2 better at 92p, while further consideration of higher first-half profits and a proposed 10 per cent. scrip issue left Marshall's Universal a further 2 up at 120p. The recent poor trading statements from employment concerns continued yesterday with sharply lower first-half profits from Brook Street Bureau, which ended 1 down at 31p, after 29p. The contraction in annual profits left S. Simpson "A" 2 down at 24p, while awaiting full year results, Walker and Homer shed a penny to 12p. Wheelock Marden "A" were 2 harder at 44p when the shares were suspended pending the outcome of bid talks with Hong Kong Land, 4 lower at 132p; Wheelock's "B" shares were quoted at 4p at the time of suspension.

Motors and Distributors had an easier bias. British Leyland eased 2 to 25p following news of labour problems at the company's Castle Bromwich plant, while similar declines were seen in Clayton Dewandre, 62p, and Dowty, 121p. Automotive Products finished 1½ off at 40p despite news that the company is attempting to break into the rapidly expanding spares business for foreign cars. BSG International shed a penny to 12½p, while Lex Service, 28p, and British Car Auction, 34p, lost 1½ apiece. Against the trend, Zenith Carburetter "A" improved 3 to 40p.

Newspapers with North Sea oil interests commanded renewed attention and Thomson rebounded 7 to 305p, while Associated regained 3 to 98p and Daily Mail "A" rose 5 more to 165p, after 168p. Elsewhere in the sector, United drifted back 5 to 177p. Paper/Printings were listless and, while McCorquodale picked up 2 to 132p, DRG eased 2 to a low for the year of 81p.

Properties mixed

Leading Properties became more settled but there was hesitancy among remaining stocks. Land Securities recovered to 104p before closing a net 1 higher at 103p, while MEPC hovered either side of the overnight price of 35p. English established a low for the year of 24p, but reverted finally to 25p and Law Land rallied the turn to 27½p. Churchbury slipped to 98p prior to ending a net 2 higher at 102p, but Barratt Developments lost 4 to 49p and Stock Conversion reacted 3 to 107p. United Real were also lower at 131p, down 4, but Trafford Park stayed at 36p despite the forecast of improved profits this year.

Oils edged quietly better in the absence of any further profit-taking and, helped by Wall Street influences, British Petroleum regained 5 to 640p. Shell picked up 4 to 378p and Royal Dutch closed ¼ harder at £39¾ following Press comment. A small revived North Sea interest developed for Tricentrol, 3 dearer at 70p, and LASMO/SCOT, which improved 2 to 260p. Ultramar remained at 110p, along with Burmah, at 29p, but Oil Exploration edged the turn higher to 98p.

Investment Trusts had little to commend them. Stanhope General shed 5 to 75p and Second Great Northern cheapened 3 to 45p as did S.P.R. Investments to 70p. Lampa Securities, however, picked up 2 to 120p; Q.S.T. Industrial Trust's offer of 120p per share for Lampa has been extended a further two weeks to November 4.

Dealers reported a disappointing business in Shippings, which closed mixed. P and O Deferred edged forward 2½ to 101½ and Ocean Transport were a similar amount dearer, at 107p, but Hunting Gibson shed 3 to 118p on further consideration of the interim results.

Narrowly mixed price movements were the order of the day in Textiles after a small trade. Courtaulds lost the turn at 88p and Sidlaw Industries gave up 3 to 54p. Further consideration of the results helped Sirdar put on 2 to 31p and Radley Fashions hardened a penny to 24p in front of to-day's preliminary results. Down 15 on Tuesday on advices from the Italian market, "Snia-Viscosa" rallied 5 at 95p.

A reaction of 2 to 256p in BATs Industries provided the Tobacco sector with its only change after an idle session.

O.K. Bazaars, 10 cheaper at 380p, provided the only movement of any consequence in South African Industrials.

Rubbers drifted gently lower with Guthrie 3 off at 148p.

Golds better

After a lower opening which reflected the easier investment currency premium, the improvement in the bullion price prompted a recovery in South African Gold shares.

A modest local demand followed the morning fixing and prior to the opening of U.S. share and bullion markets share prices were marked higher. The subse-

FINANCIAL TIMES STOCK INDICES

	Oct. 21	Oct. 20	Oct. 19
Government Secs.	57.08	57.11	57.16
Fixed Interest	56.54	56.54	56.53
Industrial Ordinary	295.6	295.3	302.6
Gold Mines	107.9	106.0	106.5
Ord. Div. Yield	7.54	7.55	7.38
Earnings Y'ld % (full) (a)	23.32	22.75	22.29
P/E Ratio (net) (a) (b)	6.30	6.49	6.62
Dealings marked	4,183	4,426	5,479
Equity turnover £m.	—	36.05	34.87
Equity bargains total	—	9,624	10,646

10 a.m. 297.5. 11 a.m. 295.1. No[on] … 2 p.m. 296.1. 3 p.[m.] … Latest Index 01-2[…]

(a) Based on 52 per cent. corpora[tion tax] … Basis 100 Govt. Secs. 15/10/26. Fixed I[nt.] … Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs	65.21 (5/1)	56.72 (14/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (4/2)	56.28 (8/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5)	286.1 (11/10)	545.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1)	78.8 (25/8)	442.3 (22/5/75)	42.5 (26/10/71)

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Equity groups	Thu. Oct. 21 Index No.	Day's Change %	Est. Earnings Yield % (Max) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Wed. Oct. 20 Index No.	Tuesday Oct. 19 Index No.	Monday Oct. 18 Index No.	Friday Oct. 15 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	110.52	−0.9	24.02	8.43	6.15	6.18	111.52	111.87	111.06	108.53	128.20	160.06 (21/4)	108.07 (14/10)	206.37 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	95.29	−1.2	23.85	10.05	6.32	6.38	96.45	97.56	97.19	95.23	126.30	150.18 (10/1)	94.95 (14/10)	255.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (22)	137.86	−2.1	30.22	7.90	5.09	5.09	140.77	139.69	138.61	136.42	233.84	260.20 (15/1)	136.42 (15/10)	389.35 (19/5/72)	71.48 (2/12/74)
4	Electricals (16)	211.72	−1.0	20.96	6.27	6.92	7.12	213.89	215.27	212.83	207.59	222.95	287.30 (21/4)	202.55 (15/10)	350.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	133.16	−1.7	34.68	9.34	4.23	4.17	135.50	136.94	135.15	131.92	152.50	195.18 (5/5)	130.45 (11/10)	202.57 (6/6/73)	64.39 (2/1/75)
6	Engineering (General) (64)	103.14	−0.5	24.67	8.92	5.96	5.95	103.61	103.59	103.11	100.58	109.85	149.29 (5/5)	100.58 (15/10)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (9)	47.99	−1.6	18.77	9.26	7.61	7.59	48.77	48.59	48.35	47.11	43.26	60.62 (5/5)	45.29 (11/10)	136.70 (4/7/65)	19.96 (15/12/74)
8	Miscellaneous (24)	99.09	−0.2	21.64	9.05	6.62	6.76	99.27	98.82	97.74	95.63	107.96	141.94 (11/5)	95.55 (14/10)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	92.26	−0.6	25.05	7.56	5.99	5.98	92.99	93.28	92.35	89.08	103.95	141.46 (21/4)	86.75 (11/10)	227.78 (21/4/72)	38.59 (6/1/75)
10	Lt. Electronics, Radio TV (15)	96.97	−0.6	24.74	6.01	5.96	5.95	97.55	98.15	97.83	94.51	121.04	160.55 (7/4)	92.20 (11/10)	257.41 (19/5/72)	42.85 (13/12/74)
11	Household Goods (13)	114.55	−0.5	25.71	10.43	5.93	5.90	115.14	116.11	115.33	113.86	154.00	187.22 (7/4)	113.86 (15/10)	263.23 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (25)	62.61	−1.1	25.20	8.75	6.06	6.06	63.31	63.16	61.91	59.32	56.15	85.16 (5/5)	56.89 (11/10)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (170)	114.08	−0.8	19.62	8.47	7.71	7.63	115.05	116.15	115.62	112.56	142.13	162.24 (4/2)	110.58 (11/10)	226.08 (16/8/72)	61.41 (15/12/74)
14	Breweries (15)	122.92	−2.7	19.26	9.27	7.77	7.77	126.27	128.85	127.58	123.96	165.31	179.43 (2/2)	121.51 (14/10)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	136.63	−0.8	17.51	8.02	8.87	8.87	137.74	141.46	139.76	136.27	147.42	190.67 (6/5)	131.59 (8/10)	257.40 (13/7/72)	78.88 (13/12/74)
16	Entertainment, Catering (14)	135.64	−0.7	19.65	9.89	7.87	7.79	136.51	137.60	137.50	131.14	167.48	182.26 (8/3)	127.15 (8/10)	329.99 (12/12/72)	54.83 (9/1/75)
17	Food Manufacturing (23)	130.60	+0.2	21.69	7.00	7.00	6.96	130.37	130.59	129.15	126.55	153.69	179.44 (11/5)	125.05 (12/10)	211.65 (15/5/72)	59.67 (11/12/74)
18	Food Retailing (16)	100.76	−0.9	18.51	7.77	7.91	7.91	101.71	102.93	102.09	100.06	147.15	150.05 (12/1)	98.11 (3/10)	235.08 (16/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (16)	167.81	+1.6	14.92	6.34	10.16	10.15	165.23	166.35	161.89	158.85	138.29	184.64 (11/5)	146.46 (12/10)	260.29 (18/1/73)	55.08 (6/1/75)
20	Packaging and Paper (12)	79.35	−1.5	19.37	9.94	7.93	7.93	80.53	80.71	79.93	79.50	94.20	112.50 (26/2)	79.08 (11/10)	135.69 (26/4/72)	43.46 (6/1/75)
21	Stores (34)	85.34	−0.6	17.78	8.24	8.66	8.64	85.74	87.04	86.97	83.66	120.74	136.24 (2/2)	83.12 (14/10)	204.39 (16/8/72)	52.63 (6/1/75)
22	Textiles (24)	111.90	−1.7	16.75	10.40	8.06	8.06	113.78	114.92	116.35	113.66	151.22	183.24 (30/1)	108.89 (11/10)	235.72 (17/1/69)	62.66 (11/12/74)
23	Tobaccos (3)	188.90	−1.1	23.20	9.14	6.41	6.41	190.99	191.38	191.38	187.92	199.89	241.89 (5/5)	177.91 (6/10)	339.16 (2/8/72)	94.34 (15/6/62)
24	Toys and Games (6)	64.55	−0.7	25.75	9.86	5.21	5.19	64.75	64.88	64.65	62.62	60.97	80.95 (16/7)	59.15 (22/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (95)															
25	Chemicals (26)	168.43	−0.5	18.77	6.64	7.29	7.28	169.22	170.59	169.71	165.02	179.40	231.38 (5/5)	161.87 (11/10)	231.38 (5/5/76)	71.20 (1/12/74)
26	Office Equipment (9)	66.41	−0.2	18.12	7.93	8.06	8.05	66.54	66.91	65.41	64.04	84.76	100.18 (19/5)	64.04 (15/10)	246.06 (1/8/72)	45.34 (2/1/75)
27	Shipping (12)	324.39	−1.8	15.67	8.13	9.11	8.25	330.26	331.23	327.15	313.59	373.94	432.64 (30/1)	313.56 (14/10)	517.00 (6/12/72)	90.80 (29/6/62)
28	Miscellaneous (48)	118.35	−1.1	19.66	9.93	7.65	7.64	119.62	120.66	120.18	117.83	148.06	172.98 (21/4)	116.38 (11/10)	258.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	117.26	−0.8	20.69	8.25	7.14	7.10	118.22	119.08	118.36	115.28	139.64	165.58 (5/5)	113.87 (11/10)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	348.04	−0.9	12.24	5.53	9.47	8.71	344.87	349.26	345.82	355.85	330.40	395.84 (20/5)	315.67 (11/1)	451.66 (29/6/59)	87.23 (29/5/62)
31	500 SHARE INDEX	135.70	−0.6	19.08	7.64	7.49	7.36	136.56	137.49	136.56	132.79	155.40	186.00 (5/5)	130.12 (11/10)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	95.25	−2.1	—	8.24	—	—	97.28	98.25	97.95	95.13	133.77	155.46 (30/1)	95.14 (11/10)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	122.22	−1.4	27.64	7.52	5.57	5.57	124.00	126.85	127.13	125.37	160.37	192.16 (29/1)	120.05 (11/10)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	116.52	−0.2	—	11.96	—	—	116.78	117.09	116.55	113.33	152.18	186.62 (15/1)	109.48 (8/10)	293.13 (2/5/72)	81.40 (10/12/74)
35	Hire Purchase (5)	59.32	−0.4	12.20	11.05	18.26	18.26	59.09	59.96	59.88	56.68	96.25	152.10 (26/2)	56.68 (15/10)	433.74 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (10)	80.59	−2.7	—	9.39	—	—	82.84	83.07	82.54	80.99	116.55	129.46 (30/1)	77.80 (11/10)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	76.10	−3.3	—	9.71	—	—	78.72	78.67	77.73	76.21	109.69	119.75 (30/1)	74.96 (14/10)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance Brokers (9)	186.75	−1.7	15.00	7.40	9.98	9.98	189.92	191.26	190.58	186.23	216.96	276.90 (11/6)	182.52 (14/10)	276.90 (11/6/76)	65.86 (16/12/74)
39	Merchant Banks (15)	48.46	−1.3	—	8.59	—	—	49.11	48.91	48.50	46.64	87.78	93.83 (27/1)	46.64 (14/10)	278.57 (1/5/72)	31.21 (7/1/76)
40	Property (32)	106.81	−1.3	5.64	8.18	32.19	30.33	108.25	109.88	110.75	104.95	160.08	194.57 (30/1)	101.12 (11/10)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (6)	57.50	−3.0	23.84	14.48	6.33	6.33	59.29	59.29	59.29	57.95	72.09	91.98 (3/2)	57.50 (21/10)	305.18 (18/6/72)	33.29 (17/12/74)
42	Investment Trusts (50)	120.56	−0.6	4.44	6.30	23.28	25.28	121.32	121.96	120.55	119.28	164.04	184.55 (30/1)	119.28 (15/10)	345.79 (25/4/72)	71.65 (13/12/74)
43	ALL-SHARE INDEX (650)	125.43	−0.8	—	7.67	—	—	126.39	127.46	126.64	123.23	150.31	172.54 (30/1)	121.14 (11/10)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	500.31	−1.1	9.42	5.61	15.44	14.30	506.04	499.52	489.24	475.90	372.46	523.40 (7/6)	404.67 (14/1)	555.37 (25/7/73)	84.68 (25/2/65)
45	Teas (8)	127.88	+0.1	32.98	9.63	3.99	3.86	127.75	127.75	127.44	127.69	111.11	142.43 (8/7)	117.69 (7/1)	142.43 (8/7/76)	59.72 (17/10/74)
46	Coppers (3)	156.19	—	41.48	7.17	2.41	2.41	156.19	155.13	159.51	162.66	273.28	301.47 (7/1)	155.13 (13/10)	567.78 (15/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	78.25	−1.0	13.57	6.43	8.41	8.35	79.06	78.23	78.75	77.55	110.42	119.77 (7/1)	77.55 (15/10)	175.90 (29/4/69)	66.31 (30/9/74)
48	Tins (7)	117.71	—	12.00	8.22	12.82	12.72	117.71	117.80	118.34	119.09	85.42	126.36 (1/10)	86.09 (9/2)	126.36 (1/10/76)	64.85 (27/8/70)
49	Overseas Traders (13)	193.71	—	17.63	7.07	7.69	7.67	193.70	195.15	192.13	184.14	209.45	254.47 (5/5)	182.88 (14/10)	254.47 (5/5/76)	87.37 (6/1/75)

	FIXED INTEREST	Thurs., Oct. 21 Index No.	Yield %	Wed. Oct. 20	Tuesday Oct. 19	Monday Oct. 18	Friday Oct. 15	Thurs. Oct. 14	Wed. Oct. 13	Tuesday Oct. 12	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	15.49	15.48	15.48	15.47	15.45	15.57	15.56	15.55	14.92	—	—	—	—
2	20-yr. Govt. Stocks (6)	43.11	14.96	43.13	43.14	43.16	43.06	42.84	43.86	42.87	46.56	53.45 (30/1)	42.69 (11/10)	115.42 (11/7/65)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	43.69	16.78	43.66	43.66	43.66	43.89	43.92	44.01	44.01	46.60	52.40 (21/5)	43.66 (20/10)	113.45 (23/10/63)	37.01 (3/1/75)
4	Investment Trust Prefs. (15)	42.40	16.32	42.36	42.27	42.22	42.25	41.39	41.39	41.39	47.04	51.23 (12/2)	40.54 (2/10)	114.41 (15/3/63)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	56.60	18.01	56.45	56.51	56.64	56.66	56.44	56.28	55.13	63.41	71.97 (2/2)	54.89 (3/10)	114.96 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Food Retailing	29/12/67	114.13
Engineering (Heavy)	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Engineering (General)	31/12/71	153.84	Mining Finance	29/12/67	100.00
Wines and Spirits	16/1/70	134.76	All Other	10/4/62	100.00
Toys and Games	16/1/70	135.72			
Office Equipment	16/1/70	162.74			
Industrial Group	31/12/70	128.20			
Miscellaneous Financial	31/12/70	128.06			
Food Manufacturing	29/12/67	114.13			

† Redemption yield. FT-Actuaries Indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p.

A record of the indices, cost £30, is obtainable from FT Business Enterprises, 10, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

ACTIVE STOCKS

Prices in pence except where otherwise indicated.

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
BATs Defd.	25p	11	210	—	225	183
BP	£1	10	640	+ 5	685	557
ICI	£1	10	284	− 1	402	274
Shell Transport	25p	10	378	+ 4	462	352
Barclays Bank	£1	8	212	− 3	350	208
Commercl. Union	25p	8	85	− 2	150	82
GKN	£1	8	225	+ 3	360	222
Burmah Oil	£1	7	29	—	53	28
Gen. Acc. "New"	Nil pd.	7	1½*	+ ½	3*	½*
Imperial Group	25p	7	58	—	88	56
Brit. Home Stores	25p	6	106	− 2	139	106
GEC	25p	6	125	+ 2	168	114
Marks & Spencer	25p	6	78	—	108	73
Mid. Cattle Prods.	25p	6	164	− 2	172	68½
Nat. Westminster	£1	6	182	− 3	272	180

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 12	Oct. 25	Jan. 13	Jan. 25
Oct. 26	Nov. 8	Jan. 27	Feb. 8
Nov. 9	Nov. 22	Feb. 10	Feb. 22

Calls were dealt in J. Lyons, Shell Transport, J. Warren, National and Commercial Banking, Keyser Ullmann, Grand Metropolitan, Charterhall Finance, Consolidated Plantations Warrants, National Westminster Bank Warrants, P & O Deferred, ICI, Associated Newspapers and Lloyds Bank.

Industrials							
		E.M.I.	17	Midland Bank	22	Cap. Counties	5
		Fitch Lovell	6	Nat'l West Bank	20	E.P.	5
A. Brew	6½	Gen. Accident	12	"Do" Warrants	7½	Int. Europe	7
A. P. Cement	15	Gen. Electric	13	P & O Dfd	11	Land Securities	14
Assoc. Leisure	5	Glaxo	35	Plessey	7	MEPC	7
BSR	9	Grand Met	7	R.H.M.	5	Peachey	6
Babcocks	8	G.U.S. 'A'	16	Rank Org. 'A'	18	Samuel Props.	4½
Barclays Bank	22	Guardian	18	Reed Int'l	25	Town & City	2½
Berry Wiggins	5	G.K.N.	25	Rerrolie	11		
Beecham	28	Hawker Sidd.	35	Rothmans	4	Oils	
Boots Drug	12	House of Fraser	8	Slater Walker	4	Brit. Petroleum	40
Bowaters	16	I.C.I.	20	Spillers	4	Burmah Oil	4½
B.A.T.	21	"Imps"	7	Tesco	4	Shell	27
British Leyland	5	I.C.L.	14	Thorn 'A'	23	Ultramar	14
BOC In.	8½	Inveresk	7	Trust Houses	9		
Brown (J.)	9	Legal & General	12	Tube Invest.	7	Mines	
Burton 'A'	6½	Ladbroke	11	Unilever	38	Charter Cons.	15
Cadburys	5	Lex Service	5¾	Utd. Drapery	8	Chart'rh'll Fin.	4
Cavenham	10	Lloyds Bank	22	Vickers	15	Cons Gold	16
Courtaulds	11	"Lots"	4	Williams Hud'n	4	Hampton Areas	12
Debenhams	8	London Brick	4½	Woolworths	6	Lonrho	19
Distillers	13	Lucas Inds.	20			Rio T. Zinc	18
Dunlop	7½	"Mams"	7	Property		Western M'ng.	7
Eagle Star	11	Marks & Sp'ncer	8	Brit. Land	3½		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (3)

ENGINEERING (1): Mather and Platt
FOODS (1): Midland Cattle Prods.
RUBBERS (1): Cons. Plants.

NEW LOWS (81)

AMERICANS (1): Gillette
BEERS (2): Distillers; Guinness (A.)
BUILDINGS (6): Concrete; Newarthill; Leech (W.); RMC; Marley; Richards Wingtn.
CHEMICALS (1): Brit. Tar Prods.
STORES (6): Brit. Home Stores; Goldberg (A.); Debenhams; Preedy (A.); Freemans (London); Smith (W. H.) 'A'
ENGINEERING (4): Babcock & Wilcox; Elliott (B.); Cornercroft; GHP Group
FOODS (1): Tesco
INDUSTRIALS (14): Black & Edgington; Macarthys Pharm.; Brook St. Bureau; Marlbo-Blank; Change Wares; Newey Group; Cope Allman; Norcros; Harris & Sheldon; Pilkington Bros.; Kleeman Ind.; Reed Intnl.; London & Northern; Wilkes (J.)
INSURANCE (2): Equity & Law; Stenhouse
MOTORS (3): Hartwells; Pride & Clarke; Perry (H.)
PAPERS (2): DRG; Inveresk
PROPERTY (4): Barratt Dev.; English Prop. Con.; Estates Prop. Inv.; Do. WarrCon
SHOES (1): K Shoes
TRUSTS (28): Ailsa Inv.; SPR Inv.; Aust. & Int.; Scot. & Cont. Inv.; Brit. Inv.; Scottish Inv.; Caledonian Tst.; Scottish Ontario; Claverhouse; Sec. Great Nthn.; Colonial Secs.; Secs. Tst. Scotland; Crescent Japan; Standard Tst.; Dominion & Gnrl.; Sterling Tst.; Drayton Far East; Throgmorton; General Scottish; Utd. Brit. Secs.; Glasgow Stockholders; Witan 'B'; Glenmurray 'B'; Yeoman Inv.; M. & G. Dual; Charterhouse; Montague Boston; M. & G. Hldgs.
OILS (1): Texaco 4%pcCv. 81-99
OVERSEAS TRADERS (1): Booker McConnell
TEAS (1): McLeod Russel
MINES (3): Charter Cons.; Middle Wit.; Cons. Gold Fields

MONEY MARKET

Very large assistance

Bank of England Minimum Lending Rate 15 per cent. (since October 7, 1976)

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave very large assistance by buying Treasury bills and local authority bills from the discount houses. Banks carried forward large surplus balances from Wednesday, there was a fall in the note circulation, and a net repayment of Treasury bills was also in the market's favour. These were outweighed, however, by a large excess of revenue payments to the Exchequer over Government disbursements, and repayment of the previous day's official advances to the market.

Discount houses paid up to 15¾ per cent. for secured call loans in the early part, but closing balances were taken at 8-14½ per cent., with most funds found in the region of 10-13 per cent.

In the interbank market overnight loans opened at 15¼-15½ per cent. and eased to 14½ per cent. by lunch, before touching 14¾ per cent. in the afternoon, and closing at around 6 per cent.

Short-term fixed period interest rates were firm in early dealings following continuation of the previous day's rumours about a possible rise in Minimum Lending Rate. Rates at the close were up to ⅛ per cent. lower than during the morning, however, with most of the activity remaining in the very short periods.

Rates in the table below are nominal in some cases.

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

REGIONAL MARKETS

...on of the share prices previously shown under regional headings is ...elow with quotations on London. Irish issues, most of which are not ...ed in London, are shown separately and with prices as on the Irish

						IRISH		
			Higsons Brew.	65	......	Conv. 9% '80/82	£77¾	......
...0p	15	......	I.O.M. Stm. £1	138	......	Alliance Gas	51	......
	34	......	Holt (Jos.) 25p	180	......	Arnott	210	......
	21	......	Kleen-e-Ze	28	......	Carroll (P.J.)	102	......
...0p	132	......	Lovell's Ship £1	132xd	−3	Clondalkin	33½xd	......
	21	......	N'thn. Goldsmith	25	......	Concrete Prods.	40	......
...1	350	......	P.M.A.	25½	+2½	Heiton (Hldgs.)	23	......
	20	......	Pearce (C. H.)	85	......	Ind. News	35	......
	64	......	Peel Mills	11	......	Ins. Corp.	148½xd	......
...p	22	......	RobbCaledon5h.	46	......	Irish Distillers	43	......
	9	......	Sayers 12½p	15	......	Irish Ropes	86	......
	52	−2	Sheffield Brick	73	......	Jacob	46	......
	16	......	Sheff. Refrshmt	130	......	Sunbeam	12	......
...1	230	+10	Shiloh Spinn.	22	......	T.M.G.	60	−10
10p	6	......	Sindall (Wm.)	49	......	Unidare	42	......

...OD PRICE MOVEMENTS

	Oct. 21 £	Week ago £	Month ago £
...sh A.1 per ton†	1,025	1,025	990
...sh A.1 per ton†	965	965	955
... Special per ton†	965	965	950
...er A.1 per ton§	960	960	950
... (packet)			
...per 20 lbs†	9.24-9.32	9.24-9.39	9.24-9.39
...ish per cwt†	57.12	57.12	56.00
...sh salted per cwt†	58.40-60.48	58.40-60.48	56.40-58.93
...ish cheddar rindless			
...r tonne	990.11	990.11	950.79
...per tonne	896.00	896.50	896.59
...e-prod. Standard	2.90-3.10	3.05-3.20	3.30-3.60
Large	3.10-3.30	3.20-3.50	3.50-4.00

	Oct. 21 per pound p p	Week ago per pound p p	Month ago per pound p p
...tish killed sides (ex KCF)	48.0—51.5	48.0—52.0	45.0—48.0
... forequarters	38.0—41.0	40.0—41.5	34.0—36.0
...lish—	—	46.0—49.0	40.0—44.0
...PLs-PMs	45.0—47.0	43.0—46.0	41.0—44.0
...all weights)	31.0—38.0	30.0—39.0	29.0—38.0
...lish ewes	—	—	—
...ler chickens	28.5—36.0	29.0—32.0	29.5—32.0

...ondon Egg Exchange price per 120 eggs. † Delivered. ...elivery October 23-30.

OFFSHORE AND OVERSEAS FUNDS

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101⅜	99¾	Treasury 10½pc 1976‡‡	99¾	+⅛	10.57	14.42
98¼	95¾	Treasury 6¼pc 1977‡‡	97⅛	......	6.43	13.99
97¾	94½	Electric 3pc 74-77	97	......	3.09	10.93
103¼	97⅝	Treasury 11½pc '77‡‡	98⅛	......	11.73	13.77
95⅛	91⅞	Treasury 3pc '77‡‡	93⅞xd	+⅛	3.20	9.18
95⅝	92¼	Transport 4pc '72-77	93⅞	+⅛	4.26	9.66
99⅛	90½	Treasury 9pc 1978‡‡	94⅜	......	9.53	13.54
101½	94½	Treasury 10½pc '78‡‡	94¾	......	11.07	13.84
93¾	89⅝	Exchequer 5pc '76-78‡‡	91⅛	+⅛	5.49	10.17
103¾	93¼	Treasury 11½pc '79‡‡	93¾	+⅛	12.27	14.69
98¾	93⅜	Treas. 11½pc '79 'A'‡‡	93¾	+⅛	12.28	14.73
88⅞	82⅞	Treasury 3pc '79‡‡	83⅛	−⅛	3.61	9.81
89⅜	83⅛	Electric 4¼pc '74-79	83½	......	5.09	10.98
100¼	89¼	Treasury 10½pc '79‡‡	90¼xd	......	11.66	14.69
88¾	82¼	Electric 3½pc '76-79	83¼xd	......	4.20	9.93
96½	85⅝	Treasury 9pc 1980‡‡	86⅛	−⅛	10.46	14.34
96½	85¼	Treasury 9½pc '80‡‡	86⅛xd	+⅛	11.04	14.72
86	78⅞	Treasury 3½pc '77-80	79¼	+⅛	4.41	10.41
89½	80¾	Funding 5¼pc '78-80‡‡	81⅛	+⅛	6.46	11.72
103⅛	89⅝	Treasury 11½pc 1981‡‡	89¾	+⅛	12.79	14.73
86	78⅛	Treasury 3½pc 1979-81	78⅛	−⅛	4.48	9.82
95⅝	83¼	Treasury 9¾pc 1981‡‡	84⅛	+⅛	11.60	14.77
		Five to Fifteen Years				
94⅜	80¾	Treasury 8½pc '80-82‡‡	81¼	......	10.77	14.32
70⅛	70	Treasury 3pc '82‡‡	70⅛	......	4.28	10.48
107¾	89¾	Treasury 12pc 1983‡‡	90¼	......	13.47	14.68
81⅛	69⅞	Funding 5½pc '82-84‡‡	70½	......	7.97	12.02
87⅝	75⅛	Treasury 8½pc '84-86‡‡	75¾	......	11.59	13.49
74⅞	60⅛	Funding 6½pc '85-87‡‡	61	......	10.62	13.53
77⅝	65½	Treasury 7¾pc '85-88‡‡	66	......	12.08	14.20
51¼	44½	Transport 3pc '78-88	45¼	......	6.77	11.96
59¾	48¼	Treasury 5pc '86-89	48⅞xd	......	10.25	13.45
103¾	87⅞	Treasury 13pc 1990‡‡	89	......	15.21	15.59
75⅞	64¼	Treasury 8¼pc '87-90‡‡	64⅞	......	13.31	14.80
60	47⅞	Funding 5¾pc '87-91‡‡	48½	......	11.92	14.32
		Over Fifteen Years				
100½	84¼	Treasury 12¾pc '92‡‡	85½	......	15.49	15.83
98½	82¼	Treasury 12½pc '93‡‡	83⅝	......	15.59	15.89
58	45½	Funding 6pc 1993‡‡	46⅛	......	13.18	15.48
75⅞	59⅞	Treasury 9pc '94‡‡	60⅜xd	......	14.74	15.47
97⅛	91½	Treasury 14½pc '94‡‡	92⅝	......	15.84	15.94
36½	28⅞	Gas 3pc '90/95	29¼xd	......	10.23	13.43
100	79⅛	Treasury 12¾pc '95‡‡	80¼xd	......	15.72	15.95
75⅞	59⅞	Treasury 9pc '92/96‡‡	60¾	......	15.04	15.63
95¾	81⅝	Exchequer 13¼pc '96‡‡	82¾xd	......	15.84	16.06
35½	28⅜	Redemption 3pc 1986-96	28⅝	......	10.54	13.31
102½	85⅜	Treasury 13¼pc '97‡‡	86⅝	......	15.91	16.02
70⅛	58	Treasury 8¾pc 1997‡‡	58¾	......	15.21	15.71
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 36¾% (based on $US1.6475 per £)

Conversion factor 0.7306 (0.7275)

CANADIANS

1976 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
14¾	10⅞	Bk. Montreal $2	13	−⅛	$1.00	—	4.4
40½	29⅛	Bk. Nova Scot. $2	35⅛	−¼	$1.72	—	2.8
46¾	33¼	Bell Canada 25c	42¼	−¼	$3.72	—	5.0
23⅝	12	Bow Valley‖	17½	+⅞	10c	—	0.3
10	780p	Brascan‖	845p	−15	s$1.00	—	6.7
29⅛	19⅛	Can. Imp. Bk. $2	21⅜	......	$1.26	—	3.4
16⅞	10⅞	Can. Pacific $5	14	+⅛	84½c	—	3.5
29⅝	25¼	Do. 4pc Deb. £100	26	−¼	4%	—	15.4
37⅞	20¾	Gulf Oil Can.‖	21⅞	......	$1.00	—	2.6
670p	400p	Hawker Sid. Can.‖	410p	+10	36c	—	5.0
33	22	Hollinger $5	27⅛	......	$1.80	—	3.8
18	12⅛	Hudson's Bay ‖	13⅛	−⅛	60c	—	2.5
34⅜	26⅜	Hud. B. Oil G. $2½	28	......	$1.60	—	3.3
22¼	16½	Imperial Oil‖	16¾	......	26.8	—	2.7
31½	19½	Inco	25¼	−¾	$1.40	—	3.1
900p	660p	Int. Nat. Gas $1	830p	......	80c	—	5.5
25½	16	Massey Ferg.‖	18⅝	−¼	$1.00	—	3.1
27⅞	20¼	Pacific Pet. $1	21½	......	80c	—	2.1
38½p	24p	Place Gas $1	26p	......	—	—	—
30¾	22⅝	Rio Algom	25⅜	+⅜	$1.00	—	2.2
27¼	20⅛	Royal Bk. Can. $2	23¼	−⅛	$1.38	—	3.4
28¼	17⅛	Seagram Co. C$1	20½	−⅛	80c	—	2.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

S.E. List Premium 36¾% (based on $1.6046 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld	Gr's	P/E
452	360	Inchcape £1	395	+3	£15.0	4.3	5.8	12.2	
15	6½	Jacks Wm.	7½	......	—	—	—	2.2	
26	12	Jamaica Sugar	24	......	Q4.0	U2.3	17.4	2.4	
*101½	53	Lonrho	58	−1	t4.96	4.5	13.2	2.9	
59½	36½	Mitchell Cotts	36½	......	3.02	1.7	12.7	6.1	
145	92	Ocean Wlsns. 20p	122	......	†2.31	7.2	2.9	4.5	
210	110	Pat'son. Zoch. 10p	140	......	t3.08	6.9	3.4	7.2	
210	105	Do. 'A' N/V 10p	135	......	t3.08	6.9	3.5	7.0	
9	4	Sena Sugar 50p	4½	......	B—	—	—	—	
141	95	ΔSime Darby 10p	111	−2	Q2.6	ϕ	2.4	ϕ	
223	175	Steel Bros. 50p	177	......	†8.14	4.2	6.9	4.9	
35	20	U. City Merc. 10p	21	......	†h0.85	6.8	6.2	3.7	
35	21	Do. 10pc Ln.	23	......	Q10%	15.3	10.9	—	

RUBBERS AND SISALS

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
53	33	Anglo-Indones'n	33	......	1.25	2.9	5.8
41	35	Berlam Cons. 10p	40	......	1.77	2.1	6.8
9½	6	Bird (Africa)	8	......	—	—	—
71	61	Bradwall 10p	65	......	2.21	1.3	5.2
92	70	Castlefield 10p	82	......	†2.06	3.2	3.9
28	23	Chersonese 10p	23	......	†1.13	1.4	7.5
75	54	Cons. Plants 10p	75xd	+½	Q8.0	ϕ	10.7
37	30	Gadek Malay 10p	32	......	—	—	—
79	45½	Golden Hope 10p	77	−1	†1.97	3.5	3.9
6½	5½	Grand Central 10p	5½	......	0.5	1.7	15.4
205	143	Guthrie £1	148	−3	6.5	0.7	6.8
49	35	Highlands M50c	41	−1	‡1.45	1.1	‡
48	33½	Kuala Kepong M$1	37	−1	†Q10c	1.2	6.1
34	22½	Kulim 50c	26½	−1	tQ23%	0.8	9.8
72	40½	Ldn Asiatic 10p	69	−1	2.3	2.3	5.1
41	30	Ldn. Sumatra	41	......	1.21	2.7	4.5
40	31	Malakoff M$1	34	......	—	—	—
10½	6	Malayalam 10p	10	−½	1.46	ϕ	25.0
52½	42	Muar River 10p	47½	−½	1.41	1.7	4.6
65	39	Patallng 10p	64	......	†2.23	1.5	5.4
38	29½	Plantation Hldgs. 10p	32	......	†1.77	1.5	8.8
£10½	900	Sungei Krian £1	£9	......	32.31	1.7	5.5

TEAS

India and Bangladesh

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
125	90	Assam Dooars £1	115	......	8.51	ϕ	11.4
162	90	Assam Frontier £1	144	......	7.15	4.2	7.6
51	45	Assam Invs. £1	45	......	3.3	3.0	11.3
160	95	British Indian £1	160	......	5.0	2.8	4.8
6	3¾	Empire Plants 10p	5	......	0.65	2.3	22.2
130	113	Jokai £1	130	+3	7.15	4.6	8.5
87	65	Longbourne £1	87	......	3.5	6.5	6.2
175	118	McLeod Russell £1	118	−2	6.46	3.9	8.4
140	95	Moran £1	120	......	†5.76	6.1	7.4
8½	5¾	Singlo Hldgs. 10p	7½	......	0.78	1.8	18.5
101	74	Warren Plants	85	......	t7.8	3.1	14.1
83	66	Williamson £1	70	......	4.95	3.1	10.9

Sri Lanka

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
58	40	Lunuva £1	49	......	3.25	0.9	10.2

Africa

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
48	33	Bandanga Hldgs.	35	......	g3.48	1.9	15.3
190	170	Blantyre £1	185	......	15.27	1.7	12.7
46	36½	Ruo Estates	46	......	4.22	ϕ	14.1

MINES

CENTRAL RAND

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
600	150	Durban Deep R1	235	−5	‡Q20c	5.5	‡
510	170	East Rand Prp. R1	225	......	‡Q35c	5.1	‡
£22¼	935	Randfont'n Est. R2	£19	+¾	‡Q20c	—	3.4
350	75	West Rand R1	140	......	Q10c	2.2	4.6

EASTERN RAND

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
200	65	Bracken R1	86	+2	Q25c	ϕ	18.8
40	8	East Dagga R1	8	......	—	—	—
—	—	Govmt. Areas 5c	140¢	......	—	—	—
128	30	Grootvlei 30c	72	+2	‡Q20c	1.5	‡
530	140	Kinross R1	175	−5	Q32c	ϕ	11.8
67	24	Leslie 70c	35	......	Q9c	ϕ	16.6
230	30	Marievale R0.50	72	−1	‡Q42c	1.4	‡
*148	40	S. African Ld. 35c	43	−3	‡Q30c	2.0	‡
105	28	Vlakfontein R1	40	−3	‡Q20c	1.2	‡
885	290	Winkelhaak R0	445	+5	Q76c	ϕ	11.0
50	13	Wit. Nigel 25c	21	......	—	—	—

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
710	250	Blyvoor 25	335	+5	Q75c	1.6	14.5
£14	440	Buffels R1	550	......	Q125c	1.6	14.7
*140	78	Deelkraal R0.20	88xr	−2	—	—	—
760	125	Doornfontein R1	250	+5	Q55c	2.2	14.2
965	330	East Drie R1	495	+10	Q75c	1.7	9.8
280	122	Elandsrand Gld. 20c	150	+3	—	—	
190	44	Elsburg R1	76	+1	‡Q33.8c	1.8	‡
£16½	520	Hartebeest R1	775	+13	Q190c	ϕ	17.9
695	260	Kloof Gold R1	340	+10	Q47c	1.5	8.9
760	140	Libanon R1	285	+5	Q80c	2.0	18.2
740	230	Southvaal 50c	300	......	Q8c	1.3	1.7
245	92	Stilfontein 50c	134	+6	‡Q36c	2.2	‡
£20¾	700	Vaal Reefs 50c	875	+25	‡Q175c	2.1	‡
420	48	Venterspost R1	165	+8	Q25c	3.6	9.8
£35	£11¼	W. Drie R1	£16	+¼	Q335c	1.5	13.6
315	68	Western Areas R1	120	+2	‡Q52c	1.4	‡
£15¼	480	Western Deep R2	630	+10	‡Q147½c	0.6	‡
290	100	Zandpan R1	135	+1	Q31¼c	1.0	15.0

O.F.S.

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
170	60	Free State Dev. 50c	70	......	Q9c	0.6	6.3
£22½	715	F.S. Geduld 50c	975	+38	Q200c	ϕ	1.3
200	50	F.S. Saaiplaas R1	90	+2	76c	2.6	4.3
465	170	Harmony 50c	210	+5	‡Q65c	1.9	‡
195	38	Loraine R1	72	+2	Q6c	8.5	5.4
£18½	675	Pres. Brand 50c	775	+25	Q170c	ϕ	1.4
£13	395	Pres. Steyn 50c	460	+5	Q45c	ϕ	6.3
£23¼	750	St. Helena R1	£10	+¼	Q170c	ϕ	11.0
174	70	Unisel	102	+4	—	—	—
330	125	Welkom 50c	135	+5	Q15c	ϕ	‡
£25½	950	W. Holdings 50c	£12¼	+¼	Q310c	ϕ	16.4

FINANCE

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
535	315	Ang. Am. Coal 50c	395xd	......	MQ38c	2.8	6.2
375	185	Ang. Amer. 10c	210xd	......	Q33c	1.9	10.2
£28¾	£10½	Ang. Am. Gold R1	£12¾	+½	‡Q260c	1.3	‡
£13¼	800	Ang-Vaal 50c	800	......	Q105c	ϕ	8.8
199	106	Charter Cons.	108	−2	6.76	2.4	9.6
220	120	Cons. Gold Fields	122xd	......	7.37	ϕ	9.3
23½	13	East Rand Con. 10p	14	......	1.0	ϕ	11.0
330	150	Geduld Inv. R1	230	+10	Q40c	1.5	11.2
£25	£12¾	Gen. Mining R2	£14	......	Q210c	2.1	9.7
£20⅝	675	Gold Fields S.A. 25c	900	......	Q155c	1.2	11.1
£24	£11½	Jo'burg Cons. R2	£13½	−¼	Q170c	2.2	8.1
380	195	Middle Wit 25c	195	−5	Q35c	1.2	9.3
250	160	Minorco SBD1.40	164	......	Q2c	0.7	0.7
160	56	New Wit 50c	78	......	Q18c	1.0	14.9
£14⅝	770	Patino NV Fls.5	£12	−⅛	QC65c	0.8	3.1
810	310	Rand Selection 50c	355	......	‡Q75c	1.5	‡
543	365	Selection Trust	390	+5	15.2	1.5	6.0
230	98	Sentrust 10c	127	−1	Q30c	1.4	15.3
66	32	Silvermines 2½p	32	......	Q4.61	1.6	14.9
£12½	700	T'vaal Cons. Ld. R1	950	......	Q65c	2.0	4.4
310	110	U.C. Invest R1	140	+5	‡Q36c	1.0	‡
465	175	Union Corpn. 6.25c	250	+25	tQ36c	1.4	9.3
90	45	Vogels 2½c	65	......	†Q6½c	1.2	6.5

DIAMOND AND PLATINUM

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
£32½	£17½	Anglo-Am. Inv. 50c	£20	−¼	†Q244c	1.6	7.9
122	68	Bishopsgate Plt. 10c	79	......	Q8.0c	ϕ	6.6
335	187	De Beers Df. 5c	193	+1	Q28c	2.2	9.4
£14	850	Do. 40pc Pf. R5	900	......	Q200c	ϕ	14.4
128	68	Lydenburg 12½c	68xd	......	Q7.2c	ϕ	6.8
123	95	Rus. Plat. 10c	95xd	......	gQ5c	—	3.4

CENTRAL AFRICAN

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
165	53	Coronation 25c	64	−2	‡Q34c	2.1	‡
130	68	Falcon Rh.50c	90	......	Q35c	ϕ	—
25	9	Rhod'n Corp. 16⅔p	16	−1	0.56	6.0	5.4
195	120	Roan Cons. K4	130	......	—	—	—
178	140	Tanganyika 50p	158	......	Q10.0	0.8	6.3
70	65	Do. Pref. 80p	70	......	Q9	10.2	10.7
54	25	Wankie Col. Rh.1	44	......	Q7½c	ϕ	11.0
46	18	Zam. Cpr. SBD0.24	19	......	—	—	—

AUSTRALIAN

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
33	18	Acmex 25c	22	......	—	—	—
323	132	A. M. and S. 50c	262	−2	ϕ†Q7c	ϕ	1.7
165	96	Bougainville 50c	112	......	Q10c	ϕ	5.8
235	140	BH South 50c	150	......	—	—	—
75	15	C.M. Kalgoorlie $1	20	......	—	—	—
106	58	Hamptn Areas 5p	86	......	1.3	3.1	2.3
86	38	Metals Ex. 50c	46	+1	—	—	—
20	12	Metramar 20c	17	......	—	—	—
294	200	M.I.M. Hldgs. 50c	208	−3	Q4½c	ϕ	1.4
105	40	Mount Lyell 25c	40	......	—	—	—
3	2	Newmetal 10c	2½	......	—	—	—
226	138	North B. Hill $1	194xd	−1	Q9c	ϕ	3.0
9	5	Nth. Kalgurli	7	......	—	—	—
112	65	Oakbridge $A1	102	+1	Q9c	ϕ	5.8
36	14	Pacific Copper 25c	20	−4	—	—	—
£19½	725	Pancont'l 25c	£10¼	−¼	—	—	—
17	9	Paringa M&Ex.5p	11	......	—	—	—
615	430	Peko-Wallsend 50c	490	−15	Q15c	ϕ	2.0
300	60	Poseidon 20c	75#	......	—	—	—
13	9	Vultan Min. 50c	9	......	—	—	—
9	4	Westmex 10c	6	......	—	—	—
*199	127	Westn. Mining 50c	156	−4	Q5c	ϕ	2.1
75	36	Whim Creek 20c	60	......	—	—	—

TINS

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
45	28	Amal. Nigeria	31	......	5.62	1.6	27.9
320	160	Ayer Hitam	310	......	23.0	ϕ	11.4
31	17	Beralt Tin	26½	+½	1.75	2.8	10.2
415	315	Berjuntai SM25	385	−5	Q$M1.5	ϕ	8.8
18	12	Ex Lands 10p	12	......	1.0	1.7	12.8
265	155	Geevor	220	......	5.0	ϕ	3.5
14	6	Gold & Base 12½p	9	......	—	—	—
250	170	Gopeng Cons.	225	+5	‡11.0	1.3	‡
80	64	Hongkong	75	......	—	—	—
70	56	Idris 10p	63	......	7.15	1.5	18.3
7½	6	Jantar 12½p	6	......	—	—	—
42	31	Kamunting 15p	38	......	‡7.0	1.2	‡
255	135	Killinghall	255	......	Q50.0	1.2	19.6
240	168	Malay Dredging	220	......	10.7	2.0	7.5
38	20	ΔPahang	27#	......	‡Qh2.6	ϕ	‡
55	40	Pengkalen 10p	50	......	‡7.0	1.5	‡
130	104	Petaling SM1	130	......	Q12½c	—	2.2
46	19	Saint Piran	34	......	1.25	2.5	5.7
100	64	South Kinta (10p)	75	......	7.5	0.6	15.4
200	105	Sthn. Malayan	180	......	10.7	0.9	9.2
46	31	Sungei Besi 20p	40	......	—	—	—
42	29	Sungei Way SM1	42	......	ZQ10	—	5.4
48	40	Tanjong 15p	40	......	4.0	0.9	17.8
52	40	Tongkah Hrbr. SM1	40	......	‡Q23%	0.6	14.4
110	58	Tronoh	95	......	†4.29	2.0	6.9

COPPER

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
85	35	Botswana RST R2	44	......	—	—	—
335	160	Messina R0.50	165	......	†Q35c	1.9	13.7

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
10	8	Burma Mines 17½p	8½	......	0.1	ϕ	2.0
35½	15½	Charterhall 5p	19½	......	—	—	—
990	570	Cons. Murch. 10c	580	......	†Q80c	1.8	8.9
350	245	Northgate C$1	295	−5	—	—	—
239	140	R.T.Z.	151	......	g5.96	2.1	6.2
112	67	Sabina Inds. C$1	75	+3	—	—	—
£15⅞	£10	Tara Exptn. $1	£12¾	......	—	—	—
45	32½	Tehidy Minerals 10p	38	......	†h1.08	ϕ	4.4
145	84	Yukon Cons. C$1	114	−2	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures: they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. *Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.*

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- \# Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ϕ Merger bid or reorganisation in progress.
- ϕ Not comparable.
- ϕ *Same interim: reduced final and/or reduced earnings* indicated.
- ϕ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ Excluding a final dividend declaration.
- ϕ *Regional price.*
- || No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z *Dividend and yield include a special payment:* Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H *Dividend and yield based on prospectus or other official* estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z *Dividend total to date.*

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

FINANCIAL TIMES

Friday October 22 1976

IMF due in London early next month

BY ADRIAN HAMILTON AND PETER RIDDELL

THE FULL International Monetary Fund team is due to arrive in Lonndon in the first week of November to examine the books as part of discussions on the $3.9bn. standby facilities sought by Britain.

The visit will come immediately after the completion of the Government's short-term National Income Forecasts, being prepared as the main basis of discussions on Britain's economic position and future policies.

At this stage, it seems unlikely that the IMF will require specifically further immediate action on public expenditure. Fund officials, however, have indicated that their central concern is with the rate of domestic credit expansion and the future public sector borrowing requirement—either of which could induce further fiscal action on indirect taxation or public spending.

Over-riding worry

The British Government is negotiating the loan to cover all its further credit tranches. There are indications, though, that the IMF may well prefer to stagger the loan enforcing monitoring of targets at each stage.

The first sum would not be paid until December and would have to be substantial merely to cover the fall in reserves resulting from the repayment at the beginning of December of the central bank standby credits.

At present, about $2bn. of these credits seem likely to have been called by the end of this month.

The over-riding worry of both Ministers and officials is the downgrading of U.K. economic growth, which the National Income Forecasts exercise is certain to show.

Only preliminary runs on the Treasury's computer model of the U.K. economy have so far been made, but every indication is that lower expectations for physical stockbuilding, personal consumption, investment and the growth of world trade will produce a substantially lower Gross Domestic Product forecast than the 4½ per cent. annual rise in the 18 months to the end of 1977 projected by the Treasury in July.

The EEC Commission has already suggested that U.K. GDP next year will grow by only 3 per cent. or less.

There will also probably be higher forecasts than in July for the likely rate of inflation and the level of unemployment.

The Treasury's main hope is that the lower growth in domestic output and the recent further fall in the value of the pound will produce a more favourable balance of payments projection.

However, as a result of the model's assumptions it is possible that a sizeable deficit will still be indicated.

Painful choice

A key question will be the public sector borrowing requirement forecast, which is regarded as a central issue by the IMF. While still uncertain, lower economic growth and a higher level of inflation and unemployment than previously forecast could mean a larger borrowing requirement than projected in July by the Chancellor.

If the borrowing requirement estimates look too large, either compared with previous forecasts or IMF wishes, the Government will face a painful choice.

There are some who believe that the IMF can be persuaded to accept the Government's desire to avoid further restrictive meaures in view of the prospect of future repayment out of North Sea oil revenues.

Others argue that further fiscal action will be needed both to produce an acceptable projection of the borrowing requirement and a firm target for the growth of money supply. The most likely course of action in this case is use of the regulator to increase indirect taxes—plans for which are already in existence.

Some thought has been given at official level to further public expenditure cuts, but the Cabinet remains anxious to avoid anything which would require legislation.

Severe measures

An obvious option would be a moratorium on building and an increase in council house rents as part of the Housing Review now in progress. But Mr. Peter Shore, the Environbent Secretary is known to have opposed bitterly cuts on housing expenditure so far and changes would require a Bill.

No action is planned until after the IMF visit in early November, as the Chancellor made clear last night. The Government, he claimed, wants to avoid further severe contractionary measures.

In the meantime, the Treasury continues anxiously to look at the day-to-day movements of sterling and the results of its recent sales of gilt-edged stock.

Although these have been heavy in recent weeks, sales have to continue at a high level over the coming months if its monetary squeeze is to succeed. If this cannot be achieved at current interest rates, then more direct action may have to be taken on the public sector borrowing requirement.

Israel acknowledges providing military aid to Lebanon

BY L. DANIEL — TEL AVIV, October 21.

ISRAEL has provided substantial military assistance, including light tanks, ammunition, and uniforms, to Christian forces fighting in Lebanon, according to unofficial, but reliable, reports here to-day.

In what appears to be a carefully timed leak, it is acknowledged that Israel has supplied American Sherman tanks and trained their crews. Other military supplies, including automatic rifles, mortars and ammunition, as well as food and water supplies, have been provided.

The reports deny that Israeli troops are actually fighting in Lebanon with Christian forces.

The reports also said that communications had been set up linking Christian villages in southern Lebanon with Israeli border posts, and that training had taken place both in Lebanon and Israel.

Israeli officials refused to confirm or deny the reports. A Foreign Ministry official insisted there was no Israeli "military intervention" in the Lebanese fighting.

Rigid censorship enforced here, on the assistance given by the Israeli army to the Lebanese Christian forces was breached by Israel television last night, when it showed Israeli and Lebanese soldiers fraternising in identical uniforms, and Sherman tanks of Israeli origin patrolling the frontier.

The official policy here is that Israel is interested in strengthening all indigenous Lebanese elmments in southern Lebanon, not only the Christians, in order to prevent the return of the Palestine Liberation Organisation to the border area and thus avoid a renewal of the PLO forages into Israeli territory.

It is argued that, strife between Arab countries has never benefited Israel since, under these circumstances, none of them dares move towards peace or non-belligerence with Israel, fearing for their standing in the Arab world.

However Syria's long-term aims in the area remain in question. The Israelis believe that Damascus has not given up its dream of a Greater Syria, which would embrace not only Lebanon, but Jordan and what Syria calls Palestine (the West Bank). For the present Damascus appears to be content with furnishing three-quarters of the inter-Arab force in Lebanon to ensure observance of the ceasefire and the return to the status quo of April, 1975.

This raises several questions of concern to Israel, such as whether the PLO would return to the refugee camps only, located in the centre of Lebanon, or to the so-called Fatahland on the border. It has been made clear in Jerusalem that Israel would not tolerate a return of the guerillas to bases in southern Lebanon.

Israel's efforts to forge strong relations with the villagers of the border region (of the 11,000 Lebanese refugees treated in Israeli clinics and hospitals no less than 4,000 were Moslems) are clearly an attempt to discourage the villagers from succouring the guerillas. Other Israeli measures must be seen in the same context.

But Israel remains concerned about the presence of more than 20,000 Syrian troops in Lebanon. The dilemma Israeli leaders faced in deciding to give assistance to the Christian militias was that in doing so, they were indirectly assisting the Christians' chief allies—the Syrians.

With Syria now heavily involved in Lebanon, and the Syrian-Jordanian alliance along Israel's eastern front holding good, military chiefs are watching developments closely.

This point is underlined by to-day's editorial in the newspaper Yediot Aharanot, which says that if the Riyarh mini-summit actually proves to have been effective and a Syrian-style solution is imposed on Lebanon, the result will be bad for Israel.

THE LEX COLUMN

Self regulation is here to stay

There now seems to be no question of the Government seeking any radical changes in the present arrangements for supervising the securities markets. Yesterday's statement by the Secretary of State has two clear implications. The first is that Government policy is to build on the existing system of self regulation, rather than to sweep it all away with new statutory powers.

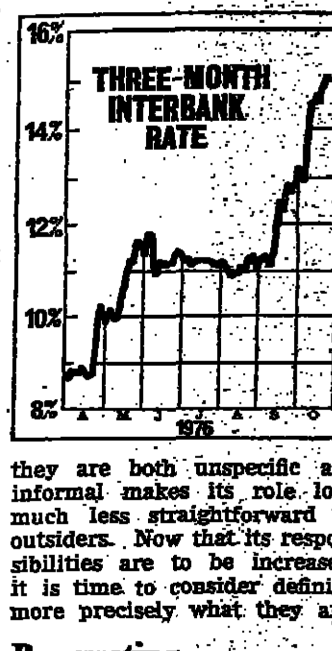
The second is that its review of the existing controls—which has now been going on for well over two years—has not come up with anything particularly controversial. The only legislation which it considers sufficiently urgent to press ahead with "as soon as opportunity permits"—rather than wait for 18 months or two years to see what the Wilson Committee has to say—concerns insider dealing, loans to company directors, and what look like relatively minor adjustments to the Prevention of Frauds Act.

The present relationship between the Department of Trade and the Bank of England is to be formalised through a joint review body, which will be expected to highlight any shortcomings in the system. And the Bank is going to develop its existing informal surveillance of the securities industry: it sees itself as the focal point for the various institutional bodies which have the actual responsibility for controlling their members.

There is no suggestion that any over-riding powers will be imposed on the various professional bodies. For instance, although the enforcement of accounting standards may come within the Bank's sphere of influence, the drafting of the standards themselves will be left in the hands of the accountants. Nor is the Bank's relationship with the Takeover Panel, to which it is a kind of friendly great uncle, likely to change. Indeed it is possible that the Panel may be used as a model for something bigger—with all the interested parties coming together in a wider supervisory role.

However the problem with a system which depends on honouring the spirit of a code rather than the letter of a law is how to make its workings clearly visible. The Bank is in a half-way house position between the Government and the City, and although the City may understand how it exercises its powers, the fact that they are both unspecific and informal makes its role look much less straightforward to outsiders. Now that its responsibilities are to be increased, it is time to consider defining more precisely what they are.

Index rose 0.3 to 295.6



Banqueting

The slowness of the Chancellor's path to economic virtue—as reiterated in his speech at the Mansion House last night—will not please the securities markets, though he did acknowledge that "we may still have to increase the speed with which we move towards our goal." And at least Mr. Healey suggested the 12 per cent. money supply guide-line (now hardened into a "target") is still valid after the MLR hikes, a statement repeated by Mr. Gordon Richardson. The Governor was, however, clearly concerned about the consequences for industry.

The City, of course, is far from convinced that the projections for monetary progress next year can really be reconciled with the trends in the real economy. It is a point strongly made, for instance, in the new investment review from brokers James Capel. After making certain assumptions about the monetary targets which will be negotiated with the IMF for 1977-78—DCE of £5.5bn. and a 10 per cent. target for M3 growth—Capel conclude that the burden on the non-bank financial institutions would be too great if the public sector borrowing requirement were to stay at the currently scheduled £9bn.

In the current financial year, Capel estimate, the insurance companies and pension funds will be required to [...] £3.5bn. in gilt-edged. N[...] on unchanged fiscal [...] this would rise [...] manageable £4.9bn. [...] £1bn. cut in the PSBR [...] 1978 would be [...] requirement. And [...] they argue, there would [...] institutional cash to [...] equities.

UBM Group

Having seen profits [...] from £7¼m. pre-tax to [...] two years the market wa[...] no chances with UBM [...] yesterday's interim 1976 [...] As it happens profits o[...]—against £1.7m. a yea[...] compare with the £1.2m [...] preceding six months, [...] cast is for a "sign[...] better" current half, a[...] interim dividend is mai[...] The shares imm[...] jumped 5½p to 32[...] leaving a yield of 21 p[...]

Sales volume is 5 pe[...] lower and although dem[...] building materials has in[...] since June, volume will b[...] for the year. But UBM [...] got a firm grip on its [...] notably the wage bill, w[...] first half rise of 17 pe[...] slows to 10 per cent. [...] current six months. The [...] force is now roughly [...] lower than it was two [...] ago, and the group has [...] completed its re-stru[...] with some 13 merchanting [...] panies telescoped into [...] regional divisions. D[...] however, is going to re[...] problem for the for[...] future.

With a bit of help [...] £0.2m. of asset sales, [...] profits of £3½m. pre-tax [...] cover a maintained div[...] UBM's margins recovery [...] conceivably achieve this.

Felixstowe Dock

The fate of Felixstowe [...] will be decided this mo[...] and last night it all [...] touch and go. At 11 a.[...] Lords debate opens on the [...] reading of the private mem[...] bill put forward by the [...] Transport Docks Board in [...] to wrest Felixstowe away [...] European Ferries. The [...] the Lord's equivalent of a [...] whip on the Govern[...] benches compared with a [...] vote elsewhere; it has b[...] hard week for their Lor[...] with two late night si[...] this week and come F[...] they tend to have other t[...] on their minds anyway.

Observer-Murdoch talks to restart next week

BY MICHAEL THOMPSON-NOEL

THE OBSERVER newspaper denied last night that its take-over talks with Mr. Rupert Murdoch's News International—publisher of the News of the World and the Sun—were "very near agreement," but confirmed that talks have taken place and that they would be resumed next week. Mr. Murdoch is in the U.S. and is not expected back until Monday.

Meanwhile, a Labour MP has demanded a statement from Mr. Edmund Dell, the Trade Secretary, on the possibility of the Observer's take-over by Mr. Murdoch.

Mr. Phillip Whitehead, the MP for Derby North, told the Commons yesterday of "grave concern" among some Labour MPs over the "accretion of power by a foreign newspaper magnate who has abused that power in his own country."

Mr. Murdoch, an Australian, moved into Fleet Street seven years ago when his group bought the Sun and re-built it into a successful and lucrative title.

The Observer, whose audited circulation over the first half of this year fell by 83,246 copies to 677,504, had earlier approached Mr. Dell to seek Government assistance to pay for redundancies but is understood to have had a cool reception.

The Observer, whose main requirement appears to be a medium-term cash injection, has also held exploratory talks with other newspaper groups, including Mirror Group Newspapers, although suggestions that the Financial Times had been involved in talks, or was considering a bid of its own, were denied.

Mr. Alan Hare, the Financial Times' managing director and chief executive, said last night that no negotiations with the Observer had taken place, although the Financial Times naturally hoped that the preservation of the Observer title could be ensured.

The Observer said yesterday: "The company has nothing to add to the reports which have appeared in other newspapers beyond confirming that the Observer is trading profitably at present and that its circulation for September was 26,000 above the August figure (at 685,021)."

This still leaves it in third place among the three Sunday quality papers. In September, the Sunday Times' circulation improved marginally to 1.39m., the Sunday Telegraph's more dramatically to 788,353.

Journalists at the Observer yesterday received a progress report on the talks with News International from the newspaper's editor, Mr. Donald Trelford.

Mr. Trelford, who took over the editorship last January, said later that, although the newspaper was pleased that another group was prepared to invest a "substantial sum of money" in the paper, it was "inevitable that there will be some anxiety about continuing the editorial character of the paper."

A possible sticking point in the talks could be the status of the Observer Editorial Trust, which at present appoints the editor and exercises editorial control.

Mr. Murdoch may well wish to dispense with the trust, if possibe, and appoint an editor of his own choosing.

Murdoch and The Australian, Page 8

Lords condemn Mulley over Tameside move

FINANCIAL TIMES REPORTER

THE HOUSE of Lords yesterday issued a strong condemnation of the attempt by Mr. Fred Mulley, former Education Secretary, to force Tameside council, Greater Manchester, to abolish its grammar schools.

The judgment, by five Law Lords, will give strong encouragement to the nine local authorities who have defied the Government's request for them to submit plans to change to a comprehensive system.

It will also stiffen the resistance of Conservatives in the House of Commons and the Lords to the new Bill which is designed to force authorities to implement Government policy on schools.

The Lords emphasised, however, that as the law stands at present, the Government has no power to overrule the decisions of local authorities on the grammar school issue.

Even when the Bill becomes law, the rebellious nine councils and a further 30 which want to change over more slowly than the Government wants, will have between one and three years of grac for detailed negotiations.

Som councils are hoping that if they stall long enough, a general election will intervene.

Already, the Bill has been badly mauled in the House of Lords, where it was amended to allow councils to run a system based partly on academic selection.

Yesterday's judgment, though confined to a particular intervention in Tameside, makes several points which re-inforce the autonomy of local authorities under the 1944 Act.

Lord Salmon said: "As the law stands at present, neither the Minister, nor any other member of the executive has any power in ordinary circumstances, to order local authorities to close down their grammar schools or convert them into comprehensive schools."

The Lords were giving reasons for their unanimous decision on August 2 that the Education Secretary had acted ulawfully in directing the Conservative-controlled council to go comprehensive.

Their judgmest was immediately condemned by the National Union of Teachers had refused to co-operate with 11-plus selection on Tameside, and which orignally asked Mr. Mulley to intervene.

Parliament, Page 10

EEC calls for automatic green currency change

AN AUTOMATIC adjustment of Common Market "green" currencies was proposed by the EEC Commission in Brussels yesterday.

It is the officials' answer to the growing gap between the fixed exchange rates used for farm prices in the Community and actual boating national currenies. The falling value of sterling has led to a gap of over 37 per ent. between the pound and the green pound. Monetary compensatory payments which at the moment subsidise fod prices to British consumers—cost the EEC Farm Budget about £1.5m. a day.

Monetary compensatory amounts are paid to ensure that farm price levels throughout the Community are at a common level to pævent disortion in competition.

Mr. Pierre Lardinois, the EEC Agricultural Commissioner, announced the Commission's proposals, which must be approved by the Nine member-States, in Brussels. They include a regular, automatic review of green currencies of devaluing countries every six months. A new rate would be set based on the average of the actual exchange rate of each country in the previous 18 months.

Mr. Lardinois said he regarded the introduction of the plan from January 1 as essential to hold the whole Common Agricultural Policy together. It would ensure in future that every member-State "played ball"—a clear reference to Britain's refusal to devalue the green pound because of the rise in retail food prices this would cause.

Commission plan details, Page 37

TV tube choice awaited

By Max Wilkinson, Industrial Staff

THE GOVERNMENT is anxiously waiting for a major decision by television manufacturers on whether they will buy British or foreign tubes for the new generation of colour sets.

The decision will have a substantial effect on the balance of payments from next year, with an impact of £50m. to £100m. a year by 1978.

The choice of tubes is important because new technology has made it impossible for set makers to change brands without altering the design of their circuits.

News Analysis, Page 9

Jews demonstrate in central Moscow

MOSCOW, Oct. 21.

POLICE removed a group of protesting Jews from an office of the Soviet Parliament to-day after a six-hour sit-in and a meeting with the nation's interior minister. Western correspondents were told that police took away about 25 demonstrators in three buses.

There was no violence reported, but the fate of the Jews was not immediately known.

A group of about 50, most of them wearing large paper cutouts of the Star of David, staged their fourth sit-in of the week in the office this morning. About half the group had dispersed when police arrived.

The Jews, who have been refused permission to emigrate to Israel, marched through the centre of Moscow after three activists met with Interior Minister Nikolai A. Shchelokov.

Weather

U.K. TO-DAY

SUNNY spells and showers at first. Rain spreading northwards

London, E. Anglia, Midlands, E., Cent. N., N.E. England

Sunny periods and scattered showers, becoming cloudy with outbreaks of rain. Wind S., moderate. Max. 13C (55F).

Channel Is., S. England, S. Wales

Sunny spells, occasional showers. Cloudy later with rain. Wind S., moderate, becoming fresh. Max. 14C (57F).

N. Wales, N.W. England, Lakes

Sunny spells and some showers followed by rain. Wind S., moderate. Max. 12C (54F).

I. of Man, S.W. Scotland, Glasgow, Cent. Highlands, Argyll, N. Scotland, Orkney, Shetland, N. Ireland

Sunny intervals and showers, possibly heavy at times. Wind S., fresh, decreasing light. Max. 12C (54F).

Borders, Edinburgh, Dundee, Aberdeen, Moray Firth

Sunny spells and showers. Wind S. to S.E., moderate. Max. 12C (54F).

Outlook: Rain followed by showers and sunny intervals.

BUSINESS CENTRES

		Y'day Midday °C	°F			Y'day Midday °C	°F
Alexandria	C	25	77	Madrid	S	14	57
Amsterdm.	S	14	57	Manchstr.	C	13	55
Athens	F	18	64	Melbourne	C	17	63
Barcelona	S	17	63	Milan	S	15	59
Belfast	S	12	54	Montreal	R	7	45
Belgrade	S	5	41	Moscow	S	1	34
Berlin	F	10	50	Munich	C	7	45
Birmnghm.	F	14	57	Newcastle	F	12	54
Bristol	S	14	57	New York	S	12	54
Brussels	S	14	57	Oslo	R	4	39
Budapest	C	8	46	Paris	S	14	57
B. Aires	S	18	65	Perth	S	24	75
Cairo	S	31	88	Prague	C	6	43
Cardiff	S	15	59	Reykjavik	R	10	50
Cologne	F	14	57	Rio de J'o	C	22	72
Copenhgn.	C	10	50	Rome	S	21	70
Dublin	F	12	54	Singapore	S	31	88
Edinbrgh.	S	13	55	Stockholm	C	7	45
Frankfurt	C	10	50	Strasbourg	C	12	54
Geneva	C	14	57	Sydney	R	14	57
Glasgow	F	12	54	Tehran	S	20	68
Helsinki	S	5	41	Tel Aviv	F	26	79
H. Kong	C	24	75	Tokyo	S	25	77
Jo'burg	S	26	80	Toronto	C	5	41
Lisbon	S	17	63	Vienna	C	8	46
London	R	12	54	Warsaw	S	2	36
Luxembg.	F	10	50	Zurich	C	11	52

HOLIDAY RESORTS

Ajaccio	F	19	66	Jersey	R	13	55
Algiers	C	19	66	Las Palmas	S	23	73
Biarritz	C	13	55	Locarno	S	15	59
Blackpool	C	13	55	Majorca	S	19	66
Bordeaux	F	15	59	Malaga	S	22	72
Boulogne	R	12	54	Malta	F	21	70
Casablnca.	F	20	68	Nairobi	S	24	75
Cape Tn.	C	20	68	Naples	F	19	66
Corfu	R	20	68	Nice	S	19	66
Dubrovnik	C	19	66	Nicosia	S	24	75
Faro	F	19	66	Oporto	C	17	63
Funchal	C	20	68	Rhodes	F	21	70
Gibraltar	S	19	66	Salzburg	R	7	45
Guernsey	R	13	55	Tangier	S	22	72
Innsbruck	S	10	50	Tenerife	C	19	66
Inverness	C	11	52	Tunis	C	16	61
Is. of Man	S	12	54	Valencia	S	19	66
Istanbul	C	11	52	Venice	F	14	57

S—Sunny. F—Fair. C—Cloudy. R—Rain.

Continued from Page 1

Foot is deputy leader of Labour Party

in a statement to Mr. Foot's personal qualities of integrity, friendliness and humour. "No-one has done more to sustain the Labour Government in office since March, 1974," she declared.

Mr. Foot, in a letter sent to the Parliamentary Labour Party before the result was known, referred to Mrs. William's great abilities, her wonderful good temper and her strong character. "She has some misguided views on some matters and I fear that these will not easily be eradicated at her ripe young age," he wrote from the London hospital where he is recovering from shingles.

The contest for the Deputy Leadership was caused by the resignation from Parliament of Mr. Edward Short, to become chairman of the Government-owned Cable and Wireless.

Continued from Page 1

Government rejects SEC

Takeover Panel, which brings together different parts of the securities industry including the clearing banks, accepting houses, pension and insurance companies, "could be a model for working together in a wider supervisory role."

Mr. Gordon Richardson, the Governor of the Bank of England, speaking at the same function, said that he unreservedly welcomed the legislative proposals to combat such abuses as insider dealing and directors' loans: "But the scale of malpractice must not be exaggerated.

"The incidents are warts on an otherwise healthy system, and they owe something to the climate and temptations of frothy markets and easy gains in years now past."

The proposed joint review body will strengthen the effectiveness of the self-regulatory system, he added.

The review body will keep in close touch with representative City organisations. While this formalises existing arrangements, it should act as a useful catalyst to bring about necessary improvements in the conduct of City affairs.

For example, it could provide a useful back-up to the enforcement of accounting standards.

The terms of reference have not been decided. The Government will undertake further consultations with representative bodies before the intended legislation on insider dealing, loans to directors and amendments to the Prevention of Fraud (Investments) Act is introduced.

● The Stock Exchange yesterday announced that it was to investigate share dealings in Desoutter Brothers ahead of the announcement of a bid by Compair, and dealings in Midland Cattle Products before a takeover offer from Thomas Borthwick was announced this week.

An investigation is already underway into sharp movements in the price of Teacher's shares ahead of the recent bid by Allied Breweries.

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